Daily Report

Latin America

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FBIS-LAT-96-013 *19 January 1996*

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Guarantor Countries Express Support for Talks in Lima

PY1501232296 Madrid EFE in Spanish 2005 GMT 15 Jan 96

[FBIS Translated Text] Brasilia, 15 Jan (EFE) — The four guarantor countries of the peace process between Ecuador and Peru called today on the two countries to implement additional measures for "encouraging" military "trust" and to establish direct communications between their commands at the border regions.

The guarantor countries, in a message released today in Brasilia by the diplomatic representatives of Argentina, Brazil, Chile, and the United States, expressed their support for the talks to be held between Ecuadoran Foreign Minister Galo Leoro and his Peruvian counterpart Francisco Tudela in Lima on 17 January.

In the message, the guarantors insisted that the parties must avoid "public statements" that may jeopardize the spirit of the negotiations and the peace achieved last February following the undeclared war which lasted about one month, from January to February.

The guarantors called for a news conference in Brasilia to express their desire that the Lima meeting achieve positive results, and that an agenda with a central issue for negotiating the unmarked border region be established above all.

Luiz Augusto Castro Neves, chief of the Americas Department of the Brazilian Foreign Ministry, insisted that the talks between Ecuador and Peru must be direct and must reduce to a maximum the participation of the guarantor countries.

U.S. Ambassador Melvin Levitsky clarified that the Ecuadoran purchase of the Kfir fighters from Israel, which was authorized by the U.S. Government, does not affect the peace process.

He pointed out that the fighters were purchased before the 1995 military conflict to replace old ones, therefore it does not change the proportion of defense forces of the two countries.

The news conference was also attended by Chilean Ambassador Heraldo Munoz and Argentine Charges d'Affaires Lulio Cesar Freire.

The guarantor countries expressed their "profound satisfaction" over the high level talks between the two countries for establishing the necessary procedures for leading the way to find a solution to the subsistent "impasse" in accordance with the Itamaraty Peace Declaration.

The guarantor countries hope that the environment of relaxation of tensions and progressive normalization of relations achieved by the implementation of the peace process "will be reflected in a constructive spirit and the will for dialogue within the framework of the 1942 Rio de Janeiro Protocol."

The guarantor countries believe that in this stage it is "essential to give priority to diplomatic dialogue to lead to a definitive solution" of the subsistent impasse.

They also mentioned the importance of the commitment made by the Ecuadoran and Peruvian Governments to prevent new armed clashes "or clashes of any other type," reiterating the need "for eliminating the risks of an arms race."

Central American, Mexican Presidents Plan February Summit

PA1701220296 Panama City ACAN in Spanish 0025 GMT 15 Jan 96

[FBIS Translated Text] Guatemala City, 14 Jan (ACAN-EFE) — Central American presidents attending Guatemalan President Alvaro Arzu's inauguration took advantage of the occasion to plan the next "Tuxtla-Gutierrez II" summit, to be held in Costa Rica in February.

Salvadoran President Armando Calderon Sol told ACAN-EFE that the Central American presidents discussed "the Tuxtla treaty" with Mexican President Ernesto Zedillo over lunch at a Guatemala City hotel. Mexico and the Central American nations signed the basis for a complementary economic agreement in Tuxtla Gutierrez, Mexico, in January 1991. Technical commissions from all of the Central American countries met in San Salvador on 17 November 1995 to consider action taken within this cooperation framework. Calderon Sol said: "There are many fields on which Mexico can provide us with its experience and achievements. With the level it has reached in many technological areas, Mexico can provide great cooperation in Central America's development."

Honduran President Carlos Roberto Reina told ACAN-EFE: "The Central American presidents lunched with the Mexican president to prepare the Tuxtla Gutierrez II agenda." He explained: "Tuxtla Gutierrez I opened up a number of possibilities for Central America's entry into NAFTA through bilateral relations between Central America and Mexico." He added: "I think this is one of the most important topics we discussed with President Zedillo."

A Salvadoran Foreign Ministry source explained to ACAN-EFE that participants in the San Salvador meeting reviewed the issues that the Central American presidents have defined as priorities for the regional Al-

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liance for Sustainable Development. The alliance includes joint actions in the political, economic, social, cultural, and environmental fields. In the economic area, the presidents reaffirmed their decision to promote Central American integration, coordinate macroeconomic policies, and modernize the regional infrastructure in the energy, transportation, and telecommunications fields. They also seek the region's effective integration into the world market, especially with regard to trade and investment.

Trade relations between Mexico and the Central American countries increased significantly following the "Tuxtla Gutierrez I" meeting, which was held after former Mexican President Carlos Salinas de Gortari authorized the creation of the Mexican Commission for Cooperation With Central America on 29 November 1990. This commission is made up of 22 agencies of the Mexican executive branch and is in charge of promoting, coordinating, and evaluating the actions, projects, and programs of cooperation between Mexico and the Central American nations.

Panamanian Deputy Foreign Minister Omar Jaen Suarez said in Mexico on 13 January that the "Tuxtla Gutierrez II" summit will be the forum for the Central American countries and Mexico to reach a new phase of understanding on economic issues and cooperation.

Salvadoran President Calderon Sol told ACAN-EFE that during his stay in Guatemala, he has been able to discuss with his Central American counterparts the possibility that regional integration will receive a new impetus with Alvaro Arzu's inauguration as Guatemalan president. "We believe President Alvaro Arzu is a very determined man with regard to Central American policy. We believe we will find in him a promoter in this new phase of a democratic Central America. We are convinced that President Arzu has adopted this philosophy and that we will achieve real integration," Calderon Sol said.

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Cuba

Havana Radio Cites U.S. Debate Over Radio Marti

PA1801124696 Havana Radio Rebelde Network in Spanish 1800 GMT 12 Jan 96

[From the "National Radio News" program]

[FBIS Translated Text] Democratic Representative David Skaggs has described Radio Marti — a U.S. Government station beamed into Cuba — as fundamentally corrupt. The legislator described the station's huge budget — approximately $98 million a year — as a burden to taxpayers, especially in light of the fact that the station's activities yield no results. Skaggs' remarks have outraged Ileana Ros-Lehtinen, a colleague known for her notorious relations with the extreme right wing of the Cuban community living in Florida. This issue arises as President William Clinton battles with the Senate and the House over approval of this year's budget. Various U.S. social and political organizations have criticized the station pointed at the Cuban coast. Cuban authorities have described the station's activities as a real intrusion.

Brasilia Governor Meets Castro, Concludes Visit

PA'901001696 Havana Radio Havana Cuba in Spanish 0000 GMT 18 Jan 96

[From the "Evening Information Review" newscast]

[FBIS Translated Text] After talking with President Fidel Castro for five hours, Brasilia Governor Cristovam Buarque told PRENSA LATINA that he is convinced it is possible to change the world in favor of the poor. The Brazilian official, who ended his visit to Cuba today, added that during his talk with Fidel they had discussed the future of humanity in the current world situation and people's access to social well-being and the advances made by science and technology.

Cristovam Buarque told PRENSA LATINA that his talks with the Cuban president and officials in several spheres had allowed him to further perceive the cooperation perspectives between his country and the island. As an example, he mentioned the initiation of courses on the Cuban family physician system in Brazil, which will be offered by Cuban specialists.

What I cherish the most from this visit, said the governor of Brazil's capital city, is that I go with the conviction that we do not need a great amount of resources to do positive things for the people; governments only have to change their policies. I was able to see this in Cuba.

Cuban Authorities Sign Joint Bahamian Migration Accord

PA1801144896 Havana Radio Rebelde Network in Spanish 1800 GMT 17 Jan 96

[From the "National Radio News" program]

[FBIS Translated Text] Cuban and Bahamian officials signed a memorandum of understand in Nassau on 12 January that commits both nations to taking steps to end illegal migration. The document states that to achieve the aforementioned objective, the parties decided that the Bahamian Government will return to Cuba any Cuban citizen arriving in the Bahamas illegally from Cuba. The accord notes that any Cuban citizen who arrives in the Bahamas illegally after 4 August 1994 will be returned to Cuba. The agreement applies to those currently in the Bahamian Government's detention and those who have been released and are living in that territory. They will be returned to Cuba once their Cuban nationality is confirmed. The parties will agree on the terms for such returns.

Cuban Official Hints at Salary Increase for Certain Workers

PA1801140296 Havana Radio Rebelde Network in Spanish 1800 GMT 15 Jan 96

[Report by Raul Ramo; from the "National Radio News" program]

[FBIS Translated Text] Workers nationwide began debating the 17th Cuban Workers Federation [CTC] Congress agenda on 15 January. The first of these meetings was held at the La Corona tobacco factory. Raul Ramo reports:

[Ramo] Several workers enriched the debate in the run-up to the CTC Congress through their participation. They discussed the world situation, workers and the economy, the noncapitalist Cuban strategy, the decisive effort to boost sugarcane production, employment and labor reorganization, workers' salaries, and the CTC's role in the collective work agreements, among other issues.

CTC Secretary General Pedro Ross Leal addressed these concerns in his remarks on the country's economic situation. He said that the Revolution does not rule out the possibility of an increase in salaries based on results for workers producing some goods for export.

We will have more on the continuing debate at La Corona tobacco factory in later newscasts.

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Cuba's Juragua Nuclear Plant Funding Needs Studied

PA1801140896 Havana Radio Reloj Network in Spanish 2051 GMT 14 Jan 96

[FBIS Translated Text] A study is about to be released on the funds needed to complete the first reactor at the Juragua nuclear plant. Approximately 75 percent of the facilities for the civil construction and 20 percent of the assembly are ready. Prestigious organizations involved in nuclear energy will be able to determine their role in the project once the results are released. An international economic association will be created, with Russia, Cuba, and other countries as members. The association will be in charge of Juragua's technical construction and operations. The nuclear energy information center has published an enlightening brochure on the Juragua plant that proved useful in preparing our report, which we will continue on coming Sundays.

Cuban Electrical Workers Hope To Improve Service

PA1801140696 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 15 Jan 96

[Report by Nestor Labrada; from the "NTV" newscast]

[FBIS Translated Text] Electrical workers this year will work to improve power service to the people and to prevent power outages during the sugar harvest. Basic Industry Vice Minister Rodrigo Ortiz has reported that electrical output jumped 60 percent at the end of 1995, resulting in fewer blackouts. The jump has been attributed to the efforts of electricity workers and to plant maintenance:

[Begin Ortiz recording] We have done our best to prevent power outages during the daytime, because daytime outages upset society as a whole. They interrupt services, production, and the daily rendering of basic services at clinics and hospitals. We are also trying to prevent blackouts on the weekends, when people are home, so that they may rest. This has been our goal. Most importantly, we want a scheduled and planned power rationing system. [end recording] The installation of new power lines will continue throughout this year, and organization and discipline will be encouraged even more among the sector's workers:

[Begin Ortiz recording] Above all, we want to prevent the people and the economy from experiencing blackouts and to ensure that there are no electrical problems. [end recording]

Ciego de Avila electricity workers have been honored as the nation's finest with an invitation to host the national ceremony marking Electricity Workers Day. A total of 28 workers received the Nico Lopez Medal during the ceremonies, on behalf of the 540 workers who received the medal nationwide in recognition of their work. The honor was also conferred upon (Francois Duprey), president of the International Energy and Mines Organization, for his contribution to the international labor movement and his active solidarity with Cuba.

Cuba's Lage Stresses Importance of Public Services

PA1801124096 Havana Radio Rebelde Network in Spanish 1800 GMT 11 Jan 96

[From the "National Radio News" program]

[FBIS Translated Text] Carlos Lage, Council of Ministers executive secretary, has issued a memorandum [circular] urging organizations and administrative councils to make services rendered to the public a top priority. The document stresses that citizens have a constitutional right to the services the bodies render. Lage's memorandum adds: It is a valuable source of information that generally (?does not point out that problem); therefore, it can become a working tool if it is used correctly.

Cuba's Havana City Aims To Promote Tourism With Carnaval

PA1801130796 Havana Radio Rebelde Network in Spanish 1800 GMT 12 Jan 96

[From the "National Radio News" program]

[FBIS Translated Text] Havana City will celebrate Carnaval this year, five years after the city last celebrated this tradition. There will be parades and dancing but no floats. Dixie Echevarria, president of the organizing committee of Havana City's Carnaval festivities, reports that activities have been scheduled for the last three weekends in February. They will be modest and austere: Everything that the public needs to recreate the festivities will be made available without squandering resources. The vice president of Havana City's administrative council said that February traditionally is the month during which Havana City celebrates Carnaval and that the festivities will help promote tourism as more and more visitors arrive in Cuba for the celebration. Havana City's Carnaval celebrations are set to kick off on 3 February. The children's festival will be held on 4 February. The main celebrations will be held on Prado Street, with dancing, booths, and other attractions on the Malecon between the Fountain of Youth and the port.

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Cuba: Recycling Important to Economy, Resources, Environment

PA1801131596 Havana Radio Rebelde Network in Spanish 1800 GMT 15 Jan 96

[Report by Mariela Diaz; from the "National Radio News" program]

[FBIS Translated Text] Cuba must recycle as much as possible, especially in light of its economic troubles.

Consider our paper supply problem: One metric ton of paper and cardboard costs between $750 and $850. We could produce 25,000 notebooks, 2,000 books of 400 pages, or 400 shingles sufficient for two houses from 1.2 metric tons of recycled paper products at reduced cost. You can get one metric ton of virgin pulp from 1.2 metric tons of recycled paper and cardboard, saving between 15 and 18 ten-year-old trees. We could save 65 percent in fuel or electricity and 85 percent in water and cut back on pollution by about 92 percent. We are throwing the trees themselves into the garbage every time we discard a piece of paper or fail to recycle a cardboard box. You do not have the right to harm nature. You must not do it.

Haiti

Haiti's Toussaint Resigns Post as Legal Adviser to Police

PA1701221196 Port-au-Prince Signal FM Radio in Creole 1230 GMT 17 Jan 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] Major Dany Toussaint, the legal adviser of the National Police, tendered his resignation yesterday, according to information from several reliable sources. The legal adviser complained about the fact that he does not have at his disposal the means to fulfill his duty properly within the National Police.

We are recalling that Maj. Dany Toussaint was the head of the interim police before the decision to fuse the two police forces together. Maj. Toussaint was called upon to help the National Police as a legal adviser.

He tendered his resignation yesterday, according to information confirmed by several sources in Port-au-Prince.

Haiti's Toussaint Challenges FBI, Explains Resignation

PA1801223796 Port-au-Prince Radio Metropole in French 1700 GMT 18 Jan 96

[From "The Waking Up Newscast"]

[FBIS Translated Text] Dany Toussaint confirmed at the microphone of Jean-Max Blanc his resignation from the post of head of the judicial police. Dany Toussaint has denied any involvement in the assassination — in March of last of year — of attorney Mireille Durocher Bertin.

[Begin recording, in Creole] [Blanc] Former Interim Police Chief Dany Toussaint accuses the FBI of trying to sully his name and the names of other close friends of the Haitian president when this office wants to involve them in the assassination of attorney Mireille Durocher Bertin. Toussaint made revelations to Radio Metropole 24 hours after his resignation from the Judicial Police.

He says that two days after the assassination of attorney Bertin FBI investigators came to his office with a report that looked like the results of investigations into attorney Mireille Durocher Bertin's asssassination.

The questions Toussaint says the FBI investigators were asking him included information on high-level officials and close friends of Haitian President Jean-Bertrand Aristide. Toussaint says neither he nor President Aristide's other close friends participated or were involved in the assassination.

[Toussaint] The first time the FBI came, they brought a list with the names of all those people that the results.... [pauses] He [not further specified] came to give the results of the investigations. He already knew our names: Toussaint, Pierre Cherubin, Joseph Medard, Faurel Celestin, Neptune. They are people they know as close friends of President Aristide. As I told you, this is something political. They do not really want Dany Toussaint or Pierre Cherubin. This is something political. They just want to sully the reputation of the government.

So, they are looking for [words indistinct], they want to sully my reputation, to debase me so they can get to the point they want to reach. But this is politics, because I tell you that when the FBI came to my office, they already had the names; they were talking to me while looking at them and asking me whether I knew such and such a person. While talking to me, they were checking names, asking me whether I knew so and so.

[Blanc] You mean the names you just cited?

[Toussaint] The people whose names I just cited. This means the men came with the results of the investigation.

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[Blanc] Furthermore, Toussaint says he does not see how he could be involved in this matter, because the day of attorney Bertin's death he was participating in a meeting with UN forces officials in order to later participate in a meeting at the Ministry of Justice.

[Toussaint] I think that for the moment... [pauses] My lawyer.... [pauses] I sought advice from my lawyer; he does not yet want me to talk about that, but I personally think that I am clean. I say that I defy the FBI, the CIA, and no matter who it may be to assert that Dany Toussaint is involved in drugs, thefts, or killing people. This is a challenge I have issued, and I say it again: They cannot say that Dany Toussaint was involved in [words indistinct], because on that day I was attending a meeting with Colonel (Casland), Luis Moreno of the U.S. Embassy, (Wananberger) of the State Department [last two words in English], and Col. Sanders of the Multinational Force [MNF].

I and Dr. Faurel Celestin were attending a meeting at the MNF on the question of the Interim Police, on the future of the Interim Police. Upon our return from this meeting at the MNF, I learned — afterward — that attorney Mireille Durocher Bertin had to attend this meeting as well. The assassination occurred while en route to the meeting. Upon my return from this meeting, I had to attend another meeting at the Ministry of Justice. They were then preparing the transition between the MNF and the UN Mission in Haiti.

I had a meeting with another group of people at the Ministry of Justice.

[Blanc] In the same interview, Dany Toussaint explains the reasons that prompted him to resign as director of the Judicial Police. Toussaint says he is not at peace with his conscience, because he is getting money for which he does not work while — according to him — the climate of insecurity is back in Port-au-Prince, the capital.

[Toussaint] I have resigned from this post because I feel that I am not effective, that I am not real, and that I am not efficient. It is a post that I, I alone, and I again, occupy. Too many bodies are falling before me. Too many people are dying. There was a dwarf in my office. He was part of the public relations service. Zenglendos have killed him. Such actions have revolted me. So, I think I can be useful in fighting zenglendos. So, I do not see myself in a post, getting paid, and enjoying fees without being able to provide services.

[Blanc] Anyway, to return to the assassination of attorney Mireille Durocher Bertin, 28 March will make one year since attorney Bertin and Baillerjo. In the latest session that unfolded on Haiti at the U.S. Congress at the beginning of the month of January, FBI officials stated that they are convinced that President Aristide's close friends are involved in this assassination. In the same session, FBI officials denounced the fact that they did not have enough cooperation from the Haitian Government in the investigations they were carrying out on the assassination. [end recording]

Haitian Senate Rejects Celestin as Police Director

PA1701231696 Port-au-Prince Signal FM Radio in French 1130 GMT 17 Jan 96

[From "The Waking Up Newscast"]

[FBIS Translated Text] Faurel Celestin has been rejected as director of the National Police. The Senate of the Republic voted yesterday on a resolution rejecting Celestin as director of the Haitian national police force.

The Senate approved this rejection with 14 votes for, one against, and three abstentions. The 18 senators present after the hearing of the report from the commission in charge of studying the file of Celestin rejected President Aristide's choice for the post.

After several considerations, the commission asked senators to denounce the incompetence of Celestin and asserted that the latter could occupy this post only through political means. Let us listen to the explanations of Senator Gelerme Laguerre.

[Begin Laguerre recording] Considering that Faurel Celestin does not have any expertise with regard to police matters or any clear vision of the function;

Considering that any general director of the national police must be chosen [words indistinct] or the superintendents in accordance with Article 22 of the law governing the creation, the organization, and the functioning of the National Police;

Considering that the choice of Faurel Celestin was not made in accordance with the provisions of Article 22 of this law, the (?justice commission) of the Senate advises the senatorial assembly not to approve the choice of Faurel Celestin as general director of the police. [end recording]

It should be noted that Celestin was designated by the Haitian executive at the end of last year. Anyway, another general director must be appointed to head the new police force. He must be approved normally by the Haitian Parliament.

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Transfer of Haitian Presidential Power 'Perfect'

PA1401195896 Port-au-Prince Signal FM Radio in Creole 1230 GMT 12 Jan 96

[From the "0730 Appointment" newscast]

[FBIS Translated Text] Chavannes Jean-Baptiste, coordinator for President-Elect Rene Preval's transition team, has described coordination between Leslie Voltaire, chief of President Aristide's cabinet, and the transition team as perfect. Jean-Baptiste has confirmed that any action that the current government has taken will remain in force after 7 February. He denied rumors that certain presidency employees are trying to withhold information from the president-elect's transition team, advising citizens not to believe everything that they hear. Jean-Baptiste said that every minister will submit his portfolio to the president-elect's team before next week for review. Special commissions have been set up to examine various portfolios, including economics, foreign aid, and justice. He added that the next government will develop programs around these issues and confirmed that the new officials will adopt a series of measures to benefit the people within the first 100 days of Preval taking office. The team coordinator confirmed that preparations are underway for the transfer of power from President Aristide to the president-elect. Foreign Minister Fritz Longchamp chairs the committee that was recently formed to organize the 7 February festivities.

Lakhdar Brahimi, head of the UN Mission in Haiti [UNMIH], met transition team members on 11 January on a possible extension to UNMIH's mandate. Brahimi told Jean-Baptiste that the UN Security Council awaits Preval's official request for a six-month extension to the mandate.

Senator Discusses Opening of Haiti's Legislature

PA0601171096 Port-au-Prince Signal FM Radio in Creole 1230 GMT 4 Jan 96

[From the "0730 Appointment" newscast]

[FBIS Translated Excerpt] The first regular session of the 46th legislature is due to begin next Monday, 8 January, when the parliamentarians must meet in national assembly to inaugurate this session. The work of the National Assembly should start next Monday, according to the confirmation of Senator Jean-Robert Martinez.

He also notes that nevertheless there is a little problem, as the topics for the convening in national assembly by the executive have not yet been exhausted. However, Sen. Martinez thinks they must first think of respecting the country's Constitution. So, the parliamentarians will open the first regular session of the national assembly, according to explanations Sen. Martinez gave at the microphone of our colleague Albert Daniel.

[Begin Martinez recording] Actually, there is a problem now. It is that we were convened in extraordinary session by the president to enter the chamber, and we know that any convening of the national assembly ends when the subject of the convening is exhausted. So, one does not get out of convening in extraordinary session as long as the subject for the convening has not yet been exhausted.

Similarly, the Constitution says the first regular legislative session begins on the first... [pauses] on the second Monday of January. It begins in both chambers with a national assembly session. So, there is now — I could say — an overlapping, because we have not yet exhausted the agenda for the convening in extraordinary session. [passage omitted] [end recording]

Haiti's National Budget 'Deadlocked' in Chamber of Deputies

PA0601164096 Port-au-Prince Signal FM Radio in Creole 1230 GMT 5 Jan 96

[From the "Waking Up" newscast]

[FBIS Translated Excerpt] The national budget is still deadlocked at the Chamber of Deputies, according to statements by Maxo Balthazar, the vice president of the economy and finance commission within the Chamber of Deputies. The financial authorities of the country have not yet shown their willingness to complete the file on the national budget.

Deputy Balthazar believes they must analyze this budget before approving it and says for the time being they are studying it sector by sector. He asserts that any political philosophy must go together with an economic orientation and says they will keep working on the budget, while expecting the ministers of finance and planning to send other files to the Chamber of Deputies to complete the national budget. [passage omitted].

Haiti's Preval Warns Against Withholding Taxes

PA1201193096 Port-au-Prince Signal FM Radio in French 1130 GMT 11 Jan 96

[From the "Waking Up" newscast]

[FBIS Translated Text] President-elect Rene Preval believes a strong Haitian Government is needed to ensure that public administration is run as best as it can be. Preval made no bones during yesterday's tour of the Department of the South about his intention of ensuring that public offices are run as efficiently

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as possible once he assumes office. Preval promised a local Les Cayes radio audience that officials would look into the issues of the day and set the record straight, specifically mentioning the high cost of living, disorganization within the halls of justice, and much needed changes to the National Police force. Preval believes that a strong government is needed to ensure that public administration is run as best as it can be:

[Begin Preval recording, in progress]...to do their job. We will replace any of the cogs in the machinery that need replacing, especially those civil servants who do not want to do their jobs. Similarly, the law will come down hard on anyone who refuses to pay taxes to the Customs and the General Directorate of Taxes. We are dutybound to enforce the law. The law is there for everybody. The country will not develop if the law is not respected. If there is a [words indistinct] to enforce the Consutution which is the fundamental law of the country, everybody must respect it. [end recording]

Preval is also expected to stop in Jeremie, Grand'Anse Department, during his tour of Haiti's nine geographic departments.

Haiti's President-Elect To Heed Interests on Privatization

PA1301224696 Port-au-Prince Signal FM Radio in Creole 1230 GMT 12 Jan 96

[From the "0730 Appointment" newscast]

[FBIS Translated Excerpt] President-elect Rene Preval returned to Port-au-Prince on 11 January, following a three-day tour of southern Haiti. This was Preval's first trip to the countryside since being elected president. He toured Jacmel on 9 January, Les Cayes on 10 January, and Jeremie on 11 January. He reaffirmed during his visit to Jeremie his determination to establish a state of law in the country. He spoke extensively on the privatization issue, which he plans to tackle in favor of the Haitian people's interests. Jeremie residents took advantage of Preval's visit to demand that area delegate Briere Nazaire leave Jeremie. Correspondent Jean Rio reports:

[Begin recording] [Rio] Rene Preval toured Jeremie on 11 January. Preval's helicopter landed on the Parc Saint-Louis field at about 0830. Students from the Public High School for Girls, located near the field, were the first to greet him. Students and majorettes from a number of other schools were also on hand. Preval then traveled to Sainte-Helene. [passage omitted]

Preval touched on many issues, including the high cost of living and reforms within the public administration:

[Preval, in progress]...start working. The Haitian people voted for democracy not because it is a beautiful flower to admire. They voted for democracy because it implies change. We must [word indistinct] production this country's situation can change. The state is supposed to provide the population with the services that it needs. We will tackle privatization. We will tackle privatization in the interests of the Haitian people. I will repeat this so that everyone understands: We will tackle this issue in the interests of the Haitian people. [end recording]

Preval, who also toured the Department of the South, assured that his government would guard against carelessness and wild spending practices within public administration. He made these remarks on 10 January, during a meeting with civil servants in Les Cayes. Preval announced that his team will make changes within the public administration. The law will come down hard on anyone who refuses to pay their taxes.

Haiti's Preval: Privatization Can Take Several Forms

PA1801232796 Port-au-Prince Signal FM Radio in French 1130 GMT 18 Jan 96

[From "The Waking Up Newscast"]

[FBIS Translated Text] Will Preval make privatization an effective weapon? Well, the process of privatizing state-owned enterprises is deemed irreversible by President-elect Rene Preval because, according to him, the state does not have other means to run those institutions. So, willy-nilly, the state will have to negotiate. In Rene Preval's opinion, privatization does not purely and simply mean the sale of state-owned enterprises, but the private sector's participation in the management of state properties. However, Preval, who enumerates the various forms privatization can take, would like to respect certain limitations of state resources.

[Begin Preval recording, in Creole] Once it becomes a question of privatization, you see the sale of the state's properties. Privatization means the participation of the private sector in the management of state-owned enterprises. It can take several forms. It can take a rental form; then, the enterprise remains the property of the state; so, it is not for sale.

It can take the form of a management agreement; the enterprise remains the property of the state, so, it is not sold. It can take the form of the participation of the private sector in the assets of the state, that is, you can sell a portion and keep a majority of shares in order to remain a majority owner. You also have the right to sell the majority and then remain a minority owner. Similarly, you can sell it all. What I can say about

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privatization is that the state has assets, the state has limitations to its resources.

The problem is to negotiate case by case in order to see what you are going to do with each enterprise in the interests of the Haitian people. [end recording]

Rene Preval made these statements in the north of the country within the scope of his dialogues with businessmen of the region. They have shown their worries in view of the insecurity in the country, which allows doubts to hang over private investment.

Haitian Radio Reports on Preval's Tour in Northeast

PA1701221796 Port-au-Prince Signal FM Radio in Creole 1230 GMT 17 Jan 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] President-elect Rene Preval continues his tour throughout the geographic departments of Haiti. Today, Preval will be in Cap-Haitien, where he will deliver a message to the people. Yesterday, he was in Fort-Liberte. Rene Preval arrived in Fort-Liberte at 1000 this morning and addressed the population there.

Let us listen to the details with Gary Celestin, our correspondent in Cap-Haitien.

[Begin Celestin recording] President-elect Rene Preval arrived in Fort-Liberte, the capital of the Department of the Northeast this morning [16 January] at about 1000. Preval will have to meet with the directors of public administration, the local elected representatives, and the private sector in the Department of the Northeast. Preval, who was addressing a wide audience made up of delegations from 13 communes of the Department of the Northeast, stated that the country was destroyed after the era of the civilian and military dictatorships and that it needs more than ever the help of all its children in order to get out of the bad situation it is experiencing.

Preval promised to work to improve the fundamental living conditions of most Haitians.

Furthermore, he announced that he is going to create many jobs so as to soften the burden of the poorest people. Preval took the opportunity to say that he is not going to embezzle state money.

He will meet with people's organizations and socioprofessional organizations in the northeast at the end of the day. He will also visit Monsignor Hubert Constant in Fort-Liberte. [end recording]

Venezuela Ready To Provide Fuel to Haiti at Reduced Price

PA1701232296 Port-au-Prince Signal FM Radio in Creole 1230 GMT 17 Jan 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] In 15 days exactly, President-elect Rene Preval will have to take the oath before parliamentarians, at Parliament where remodeling is being done to make the premises beautiful for 7 February.

In the meantime, Mrs. Irma Antonini, the Venezuelan ambassador to Haiti, has restated the willingness of her country to allow Haiti to get fuel cheaply as a member of the San Jose Pact, which was signed between several countries in order for them to get fuel at lower prices. Haiti has been a member of the San Jose Pact since 1991 when President Aristide took office. After the coup d'etat, Venezuela decided to end the execution of this pact within the scope of sanctions imposed on Haiti by the international community and suspended all petroleum relations with Haiti.

Antonini says, if the Haitian Government wants to resume buying petroleum cheaply, Venezuela is ready to do that, because Haiti is one of the countries that signed the pact that allows Haiti to buy fuel from Venezuela at reduced prices.

Armed Youths Ban Police From Entering Haitian Neighborhood

PA1701232396 Port-au-Prince Radio Metropole in French 1900 GMT 17 Jan 96

[FBIS Translated Text] The situation was still tense this afternoon in Cite Soleil, where bloody incidents occurred yesterday. Let us recall that these incidents caused one death from the shooting and seven injured, including an infant and two policemen.

This afternoon, a group of heavily armed youths banned policemen and journalists from having access to the neighborhood.

Former Guantanamo Refugees Hurl Stones at Haitian Palace

PA1701232196 Port-au-Prince Signal FM Radio in Creole 1230 GMT 17 Jan 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] A group of former Guantanamo refugees hurled stones at the premises of the National Palace on the morning on 16 January. The former Guantanamo refugees, who were very irritated, signified

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their anger at not having been able to enter the National Palace grounds yesterday to meet with President Jean-Bertrand Aristide.

The former refugees denounced the behavior of some Haitian Government members who — according to them — have done nothing for Haitian repatriates. The Guantanamo refugees, who hurled stones at the National Palace for several minutes, said that no measures had been adopted to allow the promises the Haitian head of state made to Guantanamo repatriates to be respected. So, many of them have not had the means to live in Haiti since their return to the country.

The former Guantanamo refugees ask Haitian officials to consider their case. The Guantanamo refugees hurled stones at the National Palace yesterday while Haitian head of state President Jean-Bertrand Aristide was receiving the credentials of Luis Sabelo, the new Peruvian ambassador to the country.

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Mexican Deputies Want National Guard Removed From Border

PA1901030296 Mexico City LA JORNADA in Spanish 18 Jan 96 pp 60, 14

[Report by Elena Gallegos and David Aponte]

[FBIS Translated Text] Luis Garfias Maganas, president of the Chamber of Deputies' National Defense Commission, yesterday said that the U.S. National Guard's presence at the border with Mexico in support of measures to detect migrating workers "harms" relations between Mexico and the United States.

During a session of Congress' Permanent Commission, Garfias said he "wished that the National Guard, that has been present on the border for several years, could disappear from this area." Mexico must make huge efforts to provide jobs for Mexicans, he said.

In addition, Alfonso Primitivo Rios Vazquez, coordinator of the Labor Party's parliamentary faction in the Chamber of Deputies, said the Washington Government should pull its troops from the border with Mexico immediately and respect the international treaties on the matter. "We should tell the United States very clearly that its Armed Forces should be used only when U.S. sovereignty is in danger. To use the Army or the National Guard to prevent the passage of undocumented persons constitutes a serious violation of international law and an act of open hostility toward our country," he said.

Speaking at the Chamber of Deputies, he said that Mexican migrants have been the victims of violence, discrimination, mistreatment, abuses, and human rights violations and that the protection and defense of their rights have been insufficient to guarantee respect for their labor and social rights.

He recalled that, in the course of time, Mexican governments have been shown to be unable to create a sufficient number of jobs in the national territory and make it possible for nationals to stay in Mexico. In view of this situation, U.S. authorities have taken measures that prove worrisome, such as using National Guard members to support the Immigration and Naturalization Service.

In addition, he continued, U.S. President Bill Clinton has used the immigration issue as part of his electoral strategy to win the elections in the Southern states. "The U.S. Government's onslaught is due to this political-electoral motivation. In addition, it cannot be denied that there exists with a life of its own, which becomes stronger and stronger, a steely attitude toward undocumented workers. We believe that this does not justify U.S. foreign policy's enormous contradictions and abuses. On the contrary, this country's democratic forces must strive to firmly end these type of measures and demand from the Mexican Government a firm defense of Mexican undocumented workers," he said.

Rios Vazquez said migration should be discussed on a priority basis at the next Mexico-U.S. interparliamentarian meeting.

Further, Deputy Garfias said this is not the first time that Washington authorities have attempted to detach military forces to the border with Mexico. The number of troops sent this time is lower, but the move has to do with political-electoral matters.

The use of the National Guard in a migration context is not new. "I was a military commander in Tecate and Mexicali in 1992 and witnessed what they call the second search. People pass through a special area, where both persons and their vehicles are subjected to a more thorough search. This second search was made by National Guard members and trained dogs," Garfias said.

The number of troops "is not large. They are less than 500, but it would be desirable to do away with the National Guard's presence in the border with our country," he said finally.

Mexico City TV: U.S. Breaks Alien Arrest Record

PA1801172196 Mexico City XEW Television Network in Spanish 0400 GMT 18 Jan 96

[From the "24 Hours" newscast]

[FBIS Translated Text] U.S. authorities on the U.S.-Mexican border have broken the record on the number of illegal aliens arrested at the border in one day. The deployment of 350 troops, 135 policemen and the sheriff, and 79 additional border patrolmen led to the arrest of more than 2,000 illegal aliens on the day that the U.S. Government's new strategy to prevent illegal immigration went into effect:

[Begin unidentified border patrolman recording] We have arrested a little over 2,100 persons in the last 24 hours. [end recording]

A military presence is not evident: The strategy is limited to support activities in the operation of high-technology equipment to detect illegal crossings, through use of sophisticated sensors and telescopes used during the Persian Gulf war.

[Begin patrolman recording] They give us support with the operation of transportation vehicles and detention facilities. They will also operate infrared cameras at night. Equipment from two or three Army units will be

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placed in the hills to observe the movement of illegal aliens. They will report to us so that we can make the arrests. [end recording]

The massive deployment of troops and federal, state, and local policemen, as part of this new operation, will be evaluated after this 90-day period.

Zedillo on Mexican Economy, Drug Trafficking

BR1801161896 Madrid EL PAIS in Spanish 18 Jan 96 p 10

[Interview with President Ernesto Zedillo by Fernando Orgambides in Mexico City: "We Will Vigorously Combat Corruption and Drug Trafficking"; date not given]

[FBIS Translated Text] Mexico City — Ernesto Zedillo, a Yale-trained economist, had not been leading Mexico for a month when the economy collapsed. 1995 was a year of crisis and difficulties, with his country agitated and worried about what was happening. The peso plummeted against the dollar, GDP fell by 7 percent, and inflation exceeded 50 percent. Spain figured from the outset among the countries which showed solidarity with Mexico. Now that Zedillo, with the country on the right road toward political and economic normalization, is taking a breather and beginning his first visit to Europe, he wants to enter through Madrid as a mark of courtesy. He arrives on a state visit on 25 January.

Zedillo is an austere man and very direct in his answers. He recalled at the outset his friendship with the king and the main Spanish political leaders. "I have already promised my daughter that in the year 2001, when I quit the presidency, I will take a trip with her to show her Spain," he remarked, before beginning the interview.

[Orgambides] Until the end of 1994 Mexico was not just a financially strong country but was even viewed as a model. Why this overnight collapse?

[Zedillo] The crisis cannot be attributed to an isolated event at a certain moment. It had its origin in the fall in the rate of domestic savings, which occurred over years and resulted in a large inflow of foreign savings which did not bring about a proportional increase in the growth of GDP. These two facts gave rise to a perception of insolvency on the money markets and, as a reaction, there was an attack on our currency.

[Orgambides] Could the conclusion be reached that neo-liberalism did not work as a prescription in Mexico?

[Zedillo] I do not agree with that label. The main lesson which this crisis has left us is the need to strengthen domestic savings, and hence to be less dependent on foreign savings as a starting point for investment and economic growth. The crisis which we have experienced does not negate the radical structural change which the Mexican economy underwent over the past 10 years.

[Orgambides] The criticism has been leveled against you that with the $50 billion (6.1 trillion pesetas) in credits which you secured from abroad — mainly from the United States — you mortgaged the oil.

[Zedillo] That is untrue. Mexico's foreign debt did not increase during 1995. What we did was to replace very short-term and highly liquid liabilities with longer term and less costly liabilities. Moreover, the amount of resources which we had from that financial package was considerably less than expected. In fact, the adjustment and compensation have come largely from the effort to increase domestic savings. A year ago we faced $40 billion of foreign debt falling due, and now our debts falling due total around $8 billion, with the ingredient that we can finance them comfortably. Mexico has today a less vulnerable and less dependent economy than a year ago.

[Orgambides] What time scale is envisaged for returning to economic normality?

[Zedillo] We will see a modest recovery this year. We have set ourselves the aim of achieving a 3 percent growth in GDP and reducing the inflation which we had in 1995 to less than half.

[Orgambides] Chiapas is one of the Mexican powder kegs.

[Zedillo] We have made a great deal of progress on Chiapas. The conditions with respect to the conflict are fundamentally different from those which prevailed at the beginning of my term. Today the line and actions of the EZLN (Zapatist National Liberation Army) are very different from those which we knew a year ago, and this is due to the consistency which the government has shown in insisting that only dialogue, negotiation, and enforcement of the law will make possible a solution to this conflict.

[Orgambides] An imminent solution?

[Zedillo] The fact that the EZLN has been receptive and responsive to the government's call does not mean that we can set a definite time scale for reaching a just solution, since there is an underlying problem not of years but of centuries. Nevertheless, the assessment is positive and is in line with the policy which we lay down from the government. We must be patient and tolerant about the Chiapas conflict.

[Orgambides] In any event there is a Mexican historical debt to its native people, whether of Chiapas or any other corner of the country.

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[Zedillo] It is debt of the whole of society. There are native groups which have been excluded from modernity and progress. However, this is not just negligence on the government's part. In some regions historical social conditions developed which caused isolation. The Catholic Church is not without some responsibility here, especially in the Chiapas area. Chiapas was run for centuries by church organizations in more than one way, and there are very special anthropological, social, and political problems there. The fact is that there is a great deal of impoverishment and backwardness, and only by tackling those problems will we be able to create favorable conditions to prevent people from succumbing to the temptation of violence.

[Orgambides] In the first few months of your term, a brother of former President Carlos Salinas was imprisoned, accused of being the brains behind one of 1994's political crimes. Then it was learned that he also unlawfully amassed a considerable fortune.

[Zedillo] My government is deeply committed to a rule-of-law state, despite the fact that we are acting through a justice system which still has many imperfections and shortcomings. For that reason, we have set out to combat vigorously corruption, the failure to bring prosecutions, and drug trafficking. The detention of drug trafficker Juan Garcia Abrego falls within this framework as does, to the Mexican people's sorrow and indignation, that of a former president's brother.

[Orgambides] A demonization of the last presidential term, which makes former President Carlos Salinas, at least as far as the press is concerned, the author of and person to blame for all the country's ills, can be seen in Mexico. What is happening to this politician, who was God yesterday and the devil today?

[Zedillo] What a good thing that the press has been mentioned. Nobody will find in my statements or my stances anything that encourages this demonization of political personalities. My role as president of the Republic is solely to promote the conditions which will command respect for the rule-of-law state. Neither personally nor politically, and much less as a human being, am I interested in anybody's demonization.

[Orgambides] Three assassinations threw your country into confusion in the last presidential term: That of Cardinal of Guadalajara Juan Jesus Posadas, that of presidential candidate Luis Donaldo Colosio, and that of PRI [Institutional Revolutionary Party] leader Jose Francisco Ruiz Massieu. Do you agree with the outcome of the investigations?

[Zedillo] There has been progress in the Colosio affair, such as, for instance, the detention of a second person who fired at the candidate. However, the affair has not been fully cleared up. I have been the first to say that I am not satisfied with the investigations. With respect to the other two assassinations, it can be said that they have been cleared up.

[Orgambides] The PRI has been governing Mexico for over 60 years. There is a clamor in your country for reforming the political system.

[Zedillo] In Mexico, since the first major political reform of the system took place in 1977 and 1978, a process of political development has begun which is promoting change and which has its origins in the citizens' demands of 1968. What does not exist is what I call electoral reform: That is, a major agreement between the political protagonists on the regulatory framework for elections, and this would be able to put an end at the outset to these arguments — nowadays fortunately fewer in number — about the validity or invalidity of results. This process stems from a new state of relations between the presidency of the Republic and the PRI, which I have called one of a healthy distance.

[Orgambides] That has been interpreted as a rift.

[Zedillo] That is absurd and untrue. My party brought me to the presidency. I strongly identify ideologically and in principle with the whole organization, and I believe that as well as having the broadest social base in Mexico the PRI is the party which best represents the people's interests. Just as I believe this, I also believe that the PRI must be an active part of the process of political progress, taking part actively and in a committed way in that electoral reform and in the major reform of the state. To that end it must undertake a radical internal reform, which entails updating itself and adjusting to the new political competitiveness which is occurring in the country. Otherwise, it will have grave electoral problems, irrespective of the country's economic and social circumstances.

Mexican Government Official Discusses Price Increases

PA1801191896 Mexico City EL FINANCIERO in Spanish 16 Jan 96 p 23

[Report by Isabel Becerril and Jaime Hernandez]

[FBIS Translated Text] The price increases will continue, because if no "reasonable adjustments are made," factories will begin to close automatically, Eugenio Carrion Rodriguez, under secretary of domestic trade under the Secofi [Commerce and Industrial Development Secretariat], has said.

He warned against artificial solutions that would adversely affect the economic dynamics of the country.

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In other words, the official explained, illusory goals may not be devised in Mexico to reduce inflation at the expense of unemployment.

Consequently, the under secretary asserted, inflation is growing and prices of products continuing to rise.

Carrion Rodriguez reiterated that the great priorities at this time are the stabilization of the economy and the recovery of employment; "it is equally important to create jobs and reduce prices," he added.

In addition, the Secofi official remarked that government-controlled product prices will continue to be governed by the Alliance for Economic Recovery (Apre), and authorities will periodically revise them in keeping with Apre.

However, he highlighted that uncontrolled prices do not fall under the aforementioned provisions because they are governed by other rules.

Interviewed during the 3rd Annual International Restaurant Hotel Exhibit of the Americas, the Secofi official indicated that every feasible proposal to stabilize prices on strong economic grounds "will always be welcome by all sectors," especially at the Apre table.

However, when asked specifically if the worker proposal not to increase prices in six months will be accepted, Eugenio Carrion Rodriguez responded: "What cannot be done is to devise artificial solutions."

He added that this is why the economic program is aimed at reaching stability on the basis of the economic policy and the stabilization program.

The official also stated that all production sectors of the country are happy because the stabilization program is making progress.

With regard to inflation, the Secofi official stressed that in 1996, authorities hope to reach an approximate 20-percent inflation rate. Consequently, he concluded, they hope to reduce this economic variable monthly by a little over 3 percent.

Mexican Government Issues Fiscal Reforms for 1996

PA1801202696 Mexico City LA JORNADA in Spanish 16 Jan 96 p 36

[Text of the 1996 Fiscal Reform issued by the Mexican Finance and Public Credit Secretariat; date not given]

[FBIS Translated Text] **The fiscal measures that come into effect in January 1996 have the following basic objectives:**

— Increase tax fairness

— Achieve higher tax compliance

— Move forward with fiscal and administrative simplification

— Grant more legal security to taxpayers

— Strengthen the finances of states and municipalities.

Fiscal and Administrative Simplification

In order to support taxpayers from the various sectors, several modifications to the legal ordinances were introduced. Following are the most prominent modifications:

— The compliance with the fiscal obligations of small-scale taxpayers is simplified to a maximum. They could opt to pay 2.5 percent of their gross incomes every four months as income tax [ISR].

— An improvement in the system to merge and split corporations.

— A simplification of the process to determine profits from the transfer of shares.

— A reduction in the tax refund period (from three months to 60 days).

— Those companies that disclose their financial statements will be able to balance their taxes in favor of the ISR or VAT [value-added tax] taxes under their charge (except when taxes are collected from foreign trade operations).

— The contributions will be determined by computers approved by the SHCP [Finance and Public Credit Secretariat].

— The period to pay in installments is extended to 48 months.

— Guarantee fiscal interests are guaranteed with securities or credit portfolios from the taxpayer himself. Likewise, an additional guarantee will not be demanded if the taxpayer signs an affidavit stating that the goods placed as guarantee constitute all his possessions.

Legal Security for Taxpayers

In this field, the Honorable Congress approved the following reforms to the Federal Fiscal Code:

— The period to resolve petitions or requests made to fiscal authorities is reduced to three months.

— General fiscal guidelines that were issued year after year are incorporated into fiscal laws.

— Starting in 1996, it is established that fiscal authorities must make known to taxpayers their opinions on domestic norms.

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— The implementation of the Legal Window System [Sistema de Justicia de Ventanilla], which will allow for the solution of problems regarding the imposition of fines, requirements, filing of tax returns, and Federal Taxpayers Registrar in six days.

— Revision of resolutions. With this process, fiscal authorities will be able to modify or revoke unfavorable resolutions, particularly when they are right and have not filed writs of defense.

— Auditors will not be able to redraft an audit document after its completion.

— The period to dispute any findings in an audit is extended to 15 days for each year reviewed, a period that should not exceed 45 days.

— Fiscal authorities will make public the conclusion of the cabinet revision.

Tax Administration Service

In order to guarantee an improvement in service and attention to taxpayers, starting in July 1997, this decentralized organization will start operating and will possess fiscal authority. It will be made up of trained personnel, who will be responsible for determining and collecting the various federal contributions and for assisting taxpayers and customs services. The SHCP Revenues Secretariat had been performing these activities all along.

For more information, visit the Fiscal Orientation Office nearest you or the National Consultation Center located at 37 Reforma Boulevard, Zone 5 PB, Guerrero neighborhood, or call toll free 91-800-90-450 if you live in the countryside or 227-02-97 if you live in Mexico City.

Mexican Government, EZLN Extend Chiapas Talks

PA1801144696 Mexico City Radio Red Network in Spanish 0000 GMT 18 Jan 96

[From the "Night Monitor" newscast]

[FBIS Translated Text] Federal government and Zapatist National Liberation Army delegations agreed on 17 January to carry talks on Indian rights and culture into one more day. Oscar Lopez Velarde, a Harmony and Peace Commission spokesman, issued a brief statement explaining that the delegations had decided to extend the talks in the hopes of finalizing documents that will help them reach much sought after agreements very soon. Lopez Velarde said that both delegations are actively working on a document that will be the basis for the initial peace agreements in Chiapas. The legislator described this stage as crucial and decisive to what could be the first peace agreements to be reached during the first round of talks on Indian rights and culture. Among the issues being discussed are the autonomy of Indian groups, greater political participation for Indians in legislative organizations, and the creation of autonomous zones, among others. Lopez Velarde said that the delegations will report on the first joint proposal at the end of this round of negotiations, which they expect will be signed during the first 15 days of February.

Article Views PRI Demand for End to Mexican Neo-Liberalism

PA1901013596 Mexico City LA JORNADA in Spanish 17 Jan 96 p 23

[Article by Alberto Aziz Nassif: "The PRI Against the PRI"]

[FBIS Translated Text] It was very clear to any political observer that Salinas' measures for trade opening, changes to Article 27, relations between Church and State, and the privatization of the public sector were not part of the dialogue, political culture, and national revolutionary proposal (keeping the United States at a distance, the Church far removed from public life, the ejido system — even though it was unproductive — an oversized public sector, and a closed border) which the PRI [Institutional Revolutionary Party] endorsed for many decades. These changes created an ideological continent completely alien and even contrary to the PRI's traditions and policy.

However, in the Mexican political system's most classic tradition, the PRI endorsed Salinas' policy, and so far in this six-year period, the PRI votes in Congress continue to support President Zedillo's identical neoliberal program. As the leader of the PRI deputies said, support for Zedillo's initiatives will continue. However, something unusual happened last week: a group of PRI deputies asked that the neo-liberal policies be stopped. What has occurred?

The disclosure is unusual and talks about a 40-page document in which a number of proposals are made. The desire to change into a real party and cease being an electoral apparatus for the party is discussed. The PRI's logic functions within the purest dualism, somewhere between wishful thinking and reality — wanting to be everything contrary to what it really is. For example, it asks that direct appointment by the president [dedazo] be abolished by transferring that power to the party, when those who seek its abolishment are there as a result of direct appointment by the president. In the opinion of any PRI member, a split between the party and government is the opposition's folly. Among the proposals made, the proposal dealing with the economic model notably calls for our attention.

The note was presented as follows: "The PRI deputation gave its leader Santiago Onate Laborde a document

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in which it expresses its support for abandoning the neo-liberal model and a redefinition of the economic policy. The legislators warn that only if the PRI changes "emphasis" on the policy will the PRI maintain political power." (LA JORNADA 12 Jan 96)

It is no secret that many PRI members disagree with the current administration's economic policy and that there has been marked nonconformity with a proposal to increase the VAT [value-added tax]. What ensues is that the apparatus and the disciplinary mechanisms needed to achieve the votes still work, despite the fact that the balance has become more delicate and fragile. When we add this petition to the other petitions made by a number of groups, sectors, and institutions, one has almost total consensus against the current economic policy. However, what is important in this case is that the party is asking the president, in a *light* manner, for a change in direction.

A party as pragmatic as the PRI knows that with the current crisis and the anti-popular economic measures, it does not have much of an electoral future, and that is a very important change in the country. For a number of years, the governing group of "modernizers" had a free hand to make changes, experimental adjustments, and recreate the underdeveloped version of neo-liberalism, without any major political costs to threaten the permanence of the PRI in power. Today, the electoral results of 1995 reveal that finally the move toward choice is starting to be the logic that shapes Mexico's politics. This arises in Mexico, a territory with a multi-party system in which the voters qualify and evaluate the administration's policy, and that is perhaps the real concern of PRI members.

We should add that the PRI not only loses elections because of the economic crisis, devaluation, unemployment, inflation, and the VAT increase, but also because there are other injuries regarding which the voters have just begun to get even in the polls, like corruption, lack of security, impunity, and — why not? — the concentration of power in one organization for such a long time. There is a general feeling among Mexicans: Disenchantment because the country has collapsed, once again, into a new and more severe crisis, and because those responsible for this collapse have still not been brought to justice. Perhaps the citizenry has also become aware that there are more disadvantages than benefits in a state party system that has begun to deteriorate.

Not everything ends with the PRI's demand. On the following day there were reactions which are also important: There is an understanding with the PRD [Party of the Democratic Revolution], because in some way the PRI position confirms PRD proposals. At the same time, deeds, not words, are being sought. The PAN [National Action Party] has viewed this as "a farce" because there is a discrepancy between the votes in Congress and the PRI demands. On a number of occasions in which the PRI, or the corporate unions, have taken a different position from the official line, the disciplinary mechanisms have made everything return to normalcy. So, there is no reason why it should be any different in this case.

The country is also experiencing a crisis in gaining legitimacy. The old political arena which had a great capacity to digest and process the legitimizing discourses has ceased to work. Today, public debate has intensified, and above all plurality. The disenchantment which the country is experiencing requires a very efficient short-term policy with tangible results, because, to the contrary, the decline will be swift and the error will be paid for in the polls.

We hope that the country will not fall into the phony dilemma of having to choose between neo-liberalism and the PRI. The experience of other countries reinforces the thesis that the way to change the economic model and moderate the neo-liberal mood will possibly come to Mexico with choice and democracy.

Mexican Legislators Debate Drug Lord's Extradition to U.S.

PA1801180996 Mexico City NOTIMEX in Spanish 2133 GMT 17 Jan 96

[FBIS Translated Text] Mexico City, 17 Jan (NOTIMEX) — The Mexican Government's decision to extradite alleged drug baron Juan Garcia Abrego to the United States has received support from ruling party and leading opposition legislators and been criticized by left-wing opposition deputies.

Cecilia Romero, deputy director of the National Action Party (PAN) faction — second in force and Mexico's main political opposition in the Chamber of Deputies — described Garcia Abrego's expulsion as praiseworthy and according to the law.

Mexican police arrested Garcia Abrego in a village in northern Mexico on 14 January. The government turned him over to U.S. authorities on 15 January in Houston, Texas, where he faces 20 criminal charges. The Government Secretariat, in charge of Mexico's domestic policies, explained on 15 January that the alleged Gulf Cartel chief was expelled because his presence was considered inconvenient to the country.

Deputy Romero insists that Garcia Abrego's expulsion was legal and that further explanation of the "motive" behind his deportation is needed.

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PAN Deputy Alejandro Gonzalez Alcocer said that the arrest of Garcia Abrego, considered one of the world's most wanted drug traffickers, should mark the beginning of a "serious" fight against drug trafficking and organized crime. Gonzalez Alcocer criticized Washington's position on the problem: He said that the United States criticizes Mexico for supposedly not doing its best to attack the drug trafficking problem without doing anything to control drug distribution on its own territory. "It (the United States) demands a lot and does little. We have not known the U.S. Government to arrest one major drug distributor. It places full blame on South American producer countries and Mexico," he added. The legislator said that the United States should go all-out in its war on the major drug distributors on its territory.

Gonzalo Altamirano Dimas, PAN's leader in Mexico City, said that Garcia Abrego's arrest is one of the hardest blows delivered to drug trafficking by President Ernesto Zedillo's administration. The arrest also shows the work and the willingness of the Office of the Attorney General of the Republic (PGR) — under PAN member Antonio Lozano Gracia — in the struggle against drug trafficking, he added.

Deputy Victor Manuel Palma Cesar, of the ruling Institutional Revolutionary Party (PRI), said that his party backs the expulsion because the decision shows coordination between the authorities of both countries against drug trafficking.

Legislator Luis Garcia Magana agreed with fellow party member Palma Cesar in that the action shows Mexico's good faith. Garcia Magana believes that the United States should correspond with greater effort in favor of extraditions requested by Mexico.

Jesus Ortega, coordinator for the Party of the Democratic Revolution (PRD) faction in the Chamber of Deputies, disagreed with the PAN and PRI legislators. The leader of the deputies of the third force and the country's second opposition party said that the decision to expel him without first presenting him to the Mexican judge who ordered his arrest violates the Constitution and the Federal Penal Code.

Deputy Jose Narro Cespedes, of the minority Labor Party, said that the Mexican judge who issued the arrest warrant against Garcia Abrego is justified in demanding his judicial presentation, and if not, to go ahead with a trial.

The Government Secretariat said on 15 January that Garcia Abrego's expulsion "does not eliminate the Mexican State's punitive claim for acts carried out on national territory and that could constitute a felony." The Government Secretariat explained likewise in a communique that the expulsion does not mean the annulment of the penal action or its limitation. REF: pa0101235296 mexico city reforma spanish 29 dec — truckers

threaten to close international bridges

Mexico: Correction to Truckers To Close Bridges
PA0301150596

The following correction pertains to the item headlined "Truckers To Close Bridges; U.S. 'Not Complying With NAFTA,'" published in the 3 January Latin America DAILY REPORT, page 17:

Column one, paragraph six, only sentence make read: ...have to have an insurance policy worth $750,000 and another worth $5 million when transporting dangerous material, which is unattainable... (clearing indistinct passage and rephrasing for clarity)

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Costa Rica

Chief of Alien Smuggling Band Arrested in Costa Rica

PA1901034396 Panama City ACAN in Spanish 0057 19 Jan 96

[FBIS Translated Excerpt] San Jose, 18 Jan (ACAN) — The Costa Rican Judicial Investigation Agency (OIJ) today confirmed the arrest of Dario Espejo, alleged chief of an alien smuggling band and whose wife, Gloria Canales, is in a Honduran prison.

An OIJ source has told ACAN that Espejo was arrested on Wednesday in San Jose, although he failed to offer any details of the arrest, Espejo's legal situation, or whether he was in the company of other people.

According to the source, Espejo is in the custody of the OIJ in San Jose. The arrest was announced today in Tegucigalpa, Honduras, by the Criminal Investigation Department, which added that diplomatic negotiations are under way to have Espejo brought to Honduras. [passage omitted]

Honduras

No Agreement on Honduran Armed Forces

96CA0101A San Jose LA NACION in Spanish 16 Dec 95

[Received via Internet]

[FBIS Translated Text] San Pedro Sula (ACAN-EFE) —On 15 December the presidents of Central America concluded the 17th Regional Summit Meeting during which they spoke at length about strengthening civilian society. However, they did not reach a consensus on reducing the size of their armed forces and the future of foreign military bases in Central America.

The differences in their views emerged clearly when Costa Rica and Panama signed the framework security treaty with specific reservations. The treaty, which is considered the key achievement of the meeting, also contains a series of recommendations, on which there was no disagreement, for dealing on an overall basis with the violence which they all face.

Costa Rica and Panama questioned 11 articles of the treaty concerning the subjects of national armies, security, a reasonable balance of forces, military bases, military operations, and the limitation and control of armaments, among other matters.

Costa Rica and Nicaragua advocated encouraging a greater degree of demilitarization, in contrast to the views of the rest of the heads of state, who favored leaving this matter to each country.

Armando Calderon, the president of El Salvador, said that in his country there is no further room for demilitarization since this process has been completed. Ramiro de Leon Carpio, president of Guatemala, recalled that, "We have a special situation [in Guatemala] since there is still an active guerrilla war going on." Meanwhile, the Panamanian delegation, headed by Vice President Tomas Altamirano Duque, objected that the future of foreign military bases in Central America is a matter for regional agreement.

Vice President Altamirano stated that in Panama, where the largest United States military base in Latin America is located, "It will be up to the Panamanian people, in a plebiscite, to decide whether North American troops leave or remain after 1999."

Despite the differences Jose Maria Figueres, the president of Costa Rica, denied that these objections affect the rest of the agreements reached during the three days of discussions, including a proposal for the interconnection of an electricity network and a treaty "on the recuperation and return of stolen vehicles." At the ceremony for the final signature of the treaty only Presidents Ramiro de Leon Carpio (Guatemala), Jose Maria Figueres (Costa Rica), and Carlos Roberto Reina (Honduras) were present, since Manuel Esquivel, the prime minister of Belize, and the vice presidents of Panama and Nicaragua had already left Honduras.

In his closing speech Carlos Roberto Reina, president of Honduras, did not refer to the "reservations" with which the basic security treaty was signed. He expressed optimism that the results of 17th Summit Meeting will be implemented.

President Reina expressed satisfaction that among the results of the meeting is an "Action Plan" to follow up on the agreements reached. The Honduran president stated: "If words are not followed by action, the results of this meeting will only be so much pure rhetoric."

Among the practical results achieved the Honduran president emphasized the proposal for the interconnection of a Central American electricity network 1,700 km long, for which the IDB [Inter-American Development Bank] has approved a loan of $500 million. This project will also have the support of the government of Spain.

In his speech and at the press conference which followed it President Reina made no comment on the violent incidents which took place on 13 December, when a protest demonstration was broken up with shots fired in front of the place where the summit meeting was held.

Cesar Chavez, a farmer who was one of seven persons injured during the demonstration, died on 14 December, the day before the summit meeting ended. So far the

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identity of those responsible for this murder has not yet been learned.

The next summit meeting will take place in the middle of 1996 in Nicaragua, in accordance with a decision made by the presidents.

Inflation Increases in Honduras

96CA0101B San Jose LA NACION in Spanish 17 Dec 95

[Received via Internet]

[FBIS Translated Text] San Pedro Sula (ACAN-EFE)—The Honduran economy is ending 1995 with a cumulative rate of inflation, up to the end of November, of 24.6 percent, one of the highest in the past four years. This means a "bitter Christmas" for the majority of the people.

A report made public on 16 December by the Central Bank states that, according to the Consumer Price Index, the highest costs were reported in the areas of health, transportation, and food, followed by housing and construction.

During the period from January to November 1994 the cumulative rate of inflation was 21 percent.

Variations in the prices of basic consumption products, such as beans and rice, as well as in the cost of fuels, are considered the factors which have had the greatest impact on the increase in inflation.

In circles outside the government the inflationary average is considered larger—more than 30 percent—a level not reported since 1990, when a neoliberal economic adjustment model was adopted in this Central American country.

The present decline in the purchasing power of the lempira, the Honduran unit of currency, has been broadly felt by the majority of the people during this Christmas season. They have been surprised by the high cost of the majority of goods.

In Honduras national per capita income is about $400 annually. About 73 percent of the population is below the poverty line.

Honduran President Wants Higher Military Budget

96CA0101C San Jose LA NACION in Spanish 20 Dec 95

[Received via Internet]

[FBIS Translated Text] Honduran President Carlos Roberto Reina said on 19 December that he wants "to increase the budget of the armed forces for education, which will be included in military service." Instead of being compulsory, military service has become "voluntary, educational, social, humanist, and democratic." The budget of the military service and other subjects related to military and security institutions were discussed on 18 December in a meeting of the Joint Staff of the Armed Forces at the most recent, annual session of the Security Council, which President Reina presided over.

At a press conference President Reina said that the meeting was held without the slightest differences of views expressed, in a cordial atmosphere, and after a dialogue which reflected a harmony of opinions.

He added that, "It is ridiculous" for a soldier in the army to earn a monthly salary of 50 lempira (about $5.00). Although at the 18th Central American Summit Meeting held last week in San Pedro Sula, in the northern region of Honduras, "There was talk about reducing expenditures on the armies," President Reina said that he wanted to increase the military budget of his country to satisfy its needs in a more effective way.

In President Reina's view that presupposes having an army which is well trained in the educational sense, with "dignity and all of the professionalism" desired. President Reina remarked that in 1995 Honduras has recorded some economic achievements. However, it was not possible to control inflation (which amounted to about 25 percent). He hoped to reduce inflation in 1996. In his view inflation has caused all of his fellow citizens to hope for higher salaries.

Regarding the budgetary deficit, President Reina said that he had succeeded in reducing it from 11.6 to 4.0 percent. Meanwhile, he said, the economy, "which affects the welfare of the Honduran people, has grown by 4.5 percent." Officially, the Honduran Army has a budget of about $34 million annually. Various social groups question this. They consider that this is a heavy burden for a country as poor as Honduras, with an external debt of about $4.1 billion. Furthermore, President Reina repeated that the military were not responsible for the disturbances which took place in San Pedro Sula on 13 December, when the 17th Summit Meeting was opened. There was a popular demonstration in which six persons were wounded. One of the persons wounded died on 14 December.

Several groups among the people blamed the military for having provoked the shooting during the demonstration on 13 December.

In the opinion of President Reina, groups which "do not love Honduras" and which are opposed "to having Honduras act as President of the Central American Summit Meeting and receive all of the honors pertaining to this function" are responsible for the disturbances.

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He added that those groups wanted to stain the Central American Summit Meeting with blood. However, he said that "they did not succeed in doing so." According to President Reina, those who opened fire on the people's demonstration "came out of nowhere" and tried to provoke a clash between those taking part in the demonstration and the Honduran military, so that they could later accuse the government of oppressing or massacring the people.

Honduran Coffee Growers Lose Millions of Dollars

96CA0101D San Jose LA NACION in Spanish 22 Dec 95

[Received via Internet]

[FBIS Translated Text] In 1995 Honduras lost at least 1.5 billion lempira ($150 million) due to the fall in the price of coffee on the international market. This was stated on 21 December by Fernando Montes, the manager of the Honduran Coffee Institute (IHCAFE).

According to Montes, there was a loss of at least $50 per bag of 46 kg of coffee. In 1995 Honduras produced 3.0 million quintals of coffee.

The international price of coffee this week was under $100 per bag. At present this is $56 less than the prevailing cost of production in Honduras.

The producing countries have a system which provides for holding off the market about 20 percent of production as a means of achieving stability on the international markets. However, this arrangement was unable to prevent the decline in the price of coffee.

Montes attributed the present crisis to the fact that a "total and disciplined front" was not maintained of not selling coffee at the "misery prices" which the consuming countries are paying.

He added: "Unfortunately, everywhere, as well as in Honduras, there have been groups which gave the impression that there was not going to be enough discipline and determination" to continue the practice of holding coffee off the market. That had an influence on fluctuations in the coffee price.

One group of Honduran coffee growers is opposed to having the country continue with the system of holding coffee off the market.

Montes commented that, "technically," the price of coffee should be well above the present level, because stocks in the consuming countries have declined over the last few months. In the U. S. there are only enough reserves on hand for five weeks' consumption.

Coffee bodies in Nicaragua and El Salvador attributed the crash in the coffee price to "manipulations" on the coffee exchange in New York by companies from the consuming sector.

During the 1994-1995 coffee harvest exports of coffee amounted to about 2.0 million bags of 46 kg each, with a value of a little more than $300 million, according to reports from the Honduran Coffee Institute.

In the past two years coffee has replaced bananas as the principal export product of Honduras.

The manager of the Honduran Coffee Institute stated that, despite the crisis, Honduras will continue to hold coffee off the market, as long as other producing countries do not abandon this practice.

Montes emphasized: "I do not believe that the coffee war is over. We have lost many battles but we will continue fighting" to ensure that the coffee price improves.

He predicted that the 1995-1996 coffee harvest will be better than that of the previous year, which will help to make up for the losses suffered.

A meeting is scheduled to be held in London on 23 January 1996, at which the situation in the world coffee market will be analyzed. In the coffee market a system of free supply and demand has been in effect since the failure of the quota system established by the International Coffee Organization. The quota system was adopted at the end of the 1980's.

Nicaragua

Report on Nicaraguan Cabinet Swearing-In Ceremony

PA1001185496

[FBIS Editorial Report] Managua Radio Nicaragua Network in Spanish at 1508 GMT on 10 January begins a live relay of the government cabinet swearing-in ceremony on the first floor of the Presidential House in Managua. The relay lasts for 35 minutes.

Dr. Oriel Soto Cuadra, director of Legal Affairs of the Presidency, begins reading the names of cabinet members, directors of autonomous entities and other government agencies, as follows: "Minister of the Presidency Julio Cardenas Robleto; Deputy Minister for State Affairs Tomas Delaney Solis; Deputy Minister for Government Affairs Dayton Caldera Solorzano; Government Minister Sergio Narvaez Campos; Deputy Minister Frank Cesar Reyes; Foreign Relations Minister Ernesto Leal Sanchez; Deputy Minister Alvaro Sevilla Siero; Finance Minister Emilio Pereira Alegria; Deputy

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Minister Mirna Somarriba de Bravo; Deputy Minister Rene Vallecillo Quiroz; Deputy Minister Leopoldo Lopez Gomez; Social Action Minister William Baez Sacasa; Deputy Minister Roberto Guzman Vasquez; Deputy Minister Brookly Rivera Bryan; Construction and Transportation Minister Pablo Vigil Icaza; Deputy Minister Raul Leclair Lewis; Deputy Minister Edmundo Zuniga Garcia; Foreign Cooperation Minister Erwin Kruger Maltez; Deputy Minister Sergio Mario Blandon Lanza; Deputy Minister Gerardo Peralta Mayorga; Minister of Economy and Development Pablo Pereira Gallardo; Deputy Minister Eduardo Belli Pereira; Deputy Minister Alfredo Velez Lacayo; Minister of Agriculture and Livestock Dionisio Cuadra Kautz; Deputy Minister Jose Salvador Robelo Ortiz; Deputy Minister (Sandy Maria Rivera Bolt); Health Minister Federico Munoz Fernandez; Deputy Minister Rosario Hernandez de Lopez; Deputy Minister Jose Luis Montiel Mayorga; Minister of Education Humberto Belli Pereira; Deputy Minister Aurora Gurdian de Lacayo; Deputy Minister Cristobal Sequeira Gonzalez; Labor Minister Francisco Rosales Arguello; Deputy Minister (Mario Garache Castillon); Minister of Tourism Fernando Guzman Cuadra; Deputy Minister Jose Sandino Basteguieta; Environment and Natural Resources Minister Claudio Gutierrez Huete; Deputy Minister Enrique Brenes Icabalceta; Secretary of the Presidency with rank of minister, Rene Sandino Arguello."

Soto Cuadra continues his list: "In automous entities and other executive branch organizations, Attorney General Carlos Hernandez Lopez; Deputy Attorney General Victor Manuel Ordonez Bermudez; Central Bank President Jose Eveanor Taboada Arana; Manager Mario Flores; Nicaraguan Institute of Energy, Director Jose Ley Lau; Nicaraguan Waterworks and Sewer Systems Institute, Director Gustavo Adolfo Martinez Montoya; Deputy Director (Roberto Ilo Castellon); Nicaraguan Telecommunications and Postal Services Institute, Director Rene Gutierrez Cortez; Deputy Director Ramon Rizo Espinoza; Nicaraguan Institute of Social Security and Welfare, President Simeon Rizo Castellon; Vice President (Oscar Castano Somarrriba); Nicaraguan Insurance and Reinsurance Institute, President Isidro Alfonso Oviedo Espinoza; Vice President (Eduardo Jalisloben Acevedo); Vice President Rosendo Mayorga Banarello; Nicaraguan Institute for Municipal Development, President Santiago Rivas Leclair; Director Ana Soledad Roman; Nicaraguan Agrarian Reform Institute, Director Alvaro Fiallos Oyanguren; Deputy Director Livio Saenz Mejia; Institute of Agrarian Technology, General Director Luis Osorio Garcia; Nicaraguan Institute of Culture, Gladys Ramirez de Espinoza; Deputy Director Maria Jose Arguello Pinzon; National Institute of Technology, Executive Director Maria Jose Chevers Urcuyo; Emergency Fund For Social Investments, President Jaime Icabalceta Mayorga; Executive Director Carlos Noguera Pastora; National Rural Development Plan, president of the Board of Directors, President Roberto Robledo Sacasa; Executive Director Ignacio Velez Lacayo; National Program for the Support of the Micro Enterprise, president of the Board of Directors Miguel Zavala Navarro, Executive Director Maria Hurtado de Vigil; Superintendency of Banks and other financial institutions, Superintendent Angel Navarro; Superindentent Danilo Chavarria Aviles; Nicaraguan Women's Institute, Executive Director Maria Auxiliadora Perez de Matus; Youth and Sports Institute, President Carlos Garcia Solorzano; Nicaraguan Fund for Children and Family, Executive Director Margarita Gurdian Lopez; National Commission for the Promotion and Defense of Children, Executive Director Ximena Barreto Chamorro; National Development Bank, president of the Board of Directors, Dionisio Chamorro Chamorro; Nicaraguan Bank of Industry and Commerce, president of the Board of Directors, Benjamin Lanza Selva; People's Bank, president of the Board of Directors, Maria Hurtado de Vigil; Nicaraguan Housing Bank, Executive President Rene Arguello Sacasa; Nicaraguan Electricity Enterprise, Executive President Emilio Rappacioli Baltodano; Nicaraguan Enterprise for Telecommunications, president of the Board of Directors Rolando Rivas; Postal Service of Nicaragua, president of the Board of Directors Ricardo Teran; National Lottery, president of the Board of Directors, (Lucia Saldo Orguiler); Nicaraguan Investment Financial Company, president of the Board of Directors Jose Eveanor Taboada Arana; Executive Director Rodolfo Delgado Caceres; Directorate of Social Communication, General Director Mario Amador Rivas; Deputy Director Maria Alicia Talavera Sevilla; Deputy Director Luisa Marenco Perez; National Corporation of the Public Sector, President Dayton Caldera Solorzano; Deputy President Ernesto Balladares Teran; Secretary Gioconda Padilla Godoy; Directorate of Legal Affairs of the President, Director Oriel Soto Cuadra."

At 1515 GMT President Chamorro swears in the new cabinet members as their names are read. President Chamorro begins speaking at 1520 GMT by noting this is the last year of her six-year term in office. Chamorro says this year she will transfer to her successor a peaceful country, one without war and where inflation has been brought under control. Chamorro remarks that "in today's Nicaragua, civilian power fully prevails over military authorities. In February 1995, the change of command in the highest military post occurred peacefully and democratically under a new legal framework." The president urges Nicaraguans to continue working this year in order to achieve a 5-percent gross domestic

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product rate and an inflation rate of less than 10 percent. Chamorro concludes her address by asking new officials to carry out their duty with "a spirit of sacrifice, honesty, and effectiveness."

At 1529 GMT Managua Radio Nicaragua Network reporters begin interviewing newly appointed officials. The new deputy foreign minister begins by thanking President Chamorro for the designation and reviews his past diplomatic career appointments. When asked about relations with Honduras, he says: "Obviously, everything that pertains to Nicaragua's territorial policy is of vital importance for the country, and it is an issue involving our sovereignty. We will give our full attention to these issues."

At 1533 GMT the finance minister comments on efforts the country is carrying out to reduce periodic devaluations. He asks Nicaraguans to do their part by paying taxes.

At 1535 GMT Foreign Minister Leal refers to the preparations for the upcoming papal visit. Leal then begins to answer questions and praises the new appointments. He announces meetings with Honduran authorities were postponed and notes differences can be "resolved through dialogue."

At 1540 GMT reporters begin an interview with President Violeta Chamorro. Chamorro again reiterates her call to all Nicaraguans, without regard for political parties, to work for Nicaragua. The president asks Nicaraguans to help in holding a peaceful election this year. Chamorro notes she practically begged to the Pope to come to Nicaragua this year. She concludes by expressing the call for "peace, unity, and reconciliation" among Nicaraguans.

Nicaraguan President Delivers State of Nation Address

PA1101024796 Managua Radio Nicaragua Network in Spanish 1638 GMT 10 Jan 96

[State of the Nation address by Nicaraguan President Violeta Chamorro to the National Assembly in Managua — live relay]

[FBIS Translated Text] Mr. President of the National Assembly; mssrs. presidents of the branches of government; Mrs. Vice President of the Republic; His Eminence Cardinal Miguel Obando y Bravo; mssrs. members of the board of directors of the National Assembly; mssrs. deputies of the National Assembly; members of the government cabinet; mssrs. from the diplomatic corps; special guests; national and foreign media; dear Nicaraguans:

I thank God at the end of six years of constitutional government. During these six years, we successfully overcame the primary obstacles in our country's transition period since 1990. We left behind a model of violence and intolerance to build a democratic, peaceful, and reconciled Nicaragua. Since the beginning of my presidential term, I said Nicaragua needed deep transformations, which we have been conducting.

In 1995, the executive and legislative branches reached a great consensus on the implementation of the constitutional reforms by signing an agreement on 14 June. Our agreements ended with the approval of the Framework Law. They have contributed to the reduction of social and political tensions. I want to note on this occasion the invaluable participation of His Eminence Cardinal Miguel Obando y Bravo, my friend who is acting as a witness and guarantor between both branches of government. [applause]

For the first time in history, a peaceful transfer of power of the highest military position took place thereby in which we made a significant step toward the professionalization of the Nicaraguan Army, which now will have fixed terms for the exercise of military positions. We also have made progress in professionalizing the National Police.

In the international arena, the Central American presidents in December, upon Nicaragua's initiative, signed a Democratic Security Treaty that strengthens civilian control over the Armed Forces. We have maintained a firm defense of our integral and territorial sovereignty and of the country's natural resources. I want to share with you the importance of reaffirming Nicaraguan sovereignty along our southern border, and we have relocated families who had settled illegally in Nicaraguan territory.

We achieved an economic growth of 4 percent in 1995, the highest in the last 11 years and higher than the growth attained in 1944. We were able to consolidate the stability of prices, and the inflation rate reached only 12.2 percent. Our exports grew 45 percent, reaching $525 million, including the export of goods and services from our industrial free zones. We also attained a growth rate of 8 percent in agriculture, 12.4 percent in the construction sector, 41.7 percent in the fishing industry sector, 10.9 percent in the mining industry, and 4.8 percent in commerce. There is a great outlook with the expansion of tourism as well as the recovery of the manufacturing industry. This indicates that our Nicaragua is growing. It is difficult to feel immediately the results of these deep, economic transformations. As all deep reforms, the effects will be felt little by little as we consolidate a healthy and stable democracy.

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I believe we will achieve a GNP increase of 5 percent and an inflation rate no greater than 10 percent in this last year of government. Behind us are the serious problems of hyperinflation and economic backwardness. I hope, God willing, my successor will be able to maintain the stability we have achieved.

My friends the deputies, our economic and social program was based on the promotion of the private sector of small-, medium-, and large-scale producers, professionals, businessmen, and workers who have assumed the leading role as promoters of our economic development. Our economic policy was based on the use of market laws in order to attain growth and to protect the state for the weakest sectors of society in order to promote social justice.

We created a deep imbalance in our trade balance and a huge foreign debt during the 1980's. Our trade deficit was reduced in 1995 for the second consecutive year. The firm and sustained reactivation of our exports is the base of our growth policy.

When I was sworn in as president, I received a country indebted by the Somozist and Sandinist governments; this situation was unbearable, and we took on the enormous task of reducing the foreign debt. We have since obtained important achievements.

We were able on 22 September 1995 to repurchase 81 percent of Nicaragua's commercial debt at 8 cents per dollar of debt; this was only possible by the valuable support of donations, loans from the World Bank, the Inter-American Development Bank, and the friendly countries of Sweden, Switzerland, Holland, and Germany. This operation allowed us to reduce our debt by approximately $1.4 billion.

The debt with the member countries of the Paris Club was renegotiated under the most favorable terms. We were able to reduce our debt by $614 million. In sum, our foreign debt was reduced by more than $2 billion in 1955 [as heard]. [applause] I want to take advantage of this opportunity, my friends the deputies, to reiterate our appreciation to our friendly countries and organizations for their cooperation and support for these negotiations. [applause]

Not only has my government achieved the goals it took on for the reduction of the debt; it also has left a lasting impression in the field of international, bilateral negotiations. This progress opens up new possibilities to obtain access to international private credit. The cleaning up of our public finances has been fundamental for our stabilization. We obtained savings of 3.5 percent of the GNP in 1995. Public investments in 1995 amounted to 2.261 billion cordobas and was concentrated in rehabilitating and constructing the country's economic and social infrastructure. Investment in the private sector in 1995 is estimated at 1.685 billion cordobas, 14.5 percent more than in 1994.

Deposits in the national financial system grew by 40 percent; this reaffirms the growing confidence of small-, medium-, and large- scale businessmen in our economy, supported by the private sector. This confidence is shared by the foreign governments that have signed treaties with Nicaragua for the protection of investments.

Our economic and social reform process must continue beyond this period. With this purpose in mind, we will share our proposals in the next few months for a national development plan for the medium term, and we will create a national council for sustainable development, as agreed during the Central American summit.

We have not conducted one national population and housing census since the 1970's, the reason why my government became committed to this vital task, and we did so in 1995. The national census we conducted determined that there were 4,139,486 inhabitants in the entire country as of 25 April 1955 [as heard]. This information will be of great use to plan a firm basis for our economic and social development. It also will serve to help the Supreme Electoral Council in its task of issuing identification cards and, especially, in the electoral process.

This year, we will continue to give impetus to public investment for repairing and maintaining highways and ports and expanding potable water, electricity, and telecommunications services with the support of friendly countries and international organizations that trust Nicaragua. Respect for the right to property ownership is essential for the country's economic and social development. The progress attained so far in the solution to the serious problem of property ownership that we inherited from the previous government has increased confidence in the country's stability.

We have complied 100 percent with the administrative revision of 11,244 cases under Law 85 and 89 percent of 101,040 cases corresponding to agrarian reform title deeds. Through compensation, 43 percent of 5,288 claims filed against properties confiscated by the Sandinist government have been settled. Through the National Agrarian Reform Institute [INRA], 6,100 agrarian reform title deeds were handed over during 1995 covering 250,000 manzanas and benefiting 10,500 families.

The approval of the Property Stability Law constituted substantial progress in the definitive solution to this problem, both in cities and the countryside. This law

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confirmed the willingness to endorse the administrative solution created by my government and makes it possible to expedite the issuance of property ownership title deeds, to reinforce the compensation system, and to correct abuses.

The property ownership law contributes to preserving social stability in cities by guaranteeing the property rights of more than 67,000 families who have been authorized to occupy plots of land in popular neighborhoods throughout the country. Similarly, this law contributes to establishing stability in the countryside for the genuine Agrarian Reform beneficiaries. Through INRA, the ownership of 360,000 manzanas will be legalized this year by handing out 9,300 title deeds and benefiting more than 12,000 families.

In this last year of my term, it is a priority for the government to keep solving the property ownership problem; this requires an effective enforcement of the Property Stability Law. We expect in 1996 to conclude the official land register program and the issuance of title deeds. We virtually completed in 1995 the privatization of 351 state-run enterprises under the administration of the National Corporations of the Public Sector. This privatization entailed the allotting of hundreds of properties to their legitimate owners and contributed to a more efficient and competitive economy.

Also in 1995, this honorable assembly passed a proposal permitting the participation of private individuals in the operation and expansion of public telecommunications services. This law will make it possible to obtain the necessary capital and technology to significantly increase the telephone network. It also makes it possible to support the compensation bonds we have issued to facilitate the solution to the property ownership problem.

Another important task my government took upon itself is the control of corruption. This terrible scourge affecting all sectors throughout the world must be prevented and eradicated completely. With this purpose in mind, we have reduced the public officials' discretionary power and the size of the government itself. We also have incorporated certain sectors of the civilian society into the management of public administration taking into consideration the people's uprightness and capabilities.

We have dealt firmly with fiscal evasion to prevent the tax burden from falling on a few people to guarantee stability and to attain development with total justice, which benefits the majority of the people.

Deputy friends, my government's social policy has given priority attention to the most vulnerable groups of the people, children being one of the most important. We have worked in preventive medical care, primary and vocational education, and the reform of the social security fund system.

The Emergency Fund for Social Investments invested approximately 250 million cordobas in infrastructure projects for education, health, and municipalities. Most of these investments took place in rural areas where most of the country's poor live.

We concentrated enormous efforts in 1995 to reform the health infrastructure. We inaugurated the Espana Hospital in Chinandega, the National Radio Therapy Center, and the National Ophthalmology Center in Managua. We completed the first construction phase of the Esteli Hospital, totally refurbished the Jinotega Hospital and the Berta Calderon Hospital in Managua, and significant economic resources were invested in medical and hospital equipment throughout the country. Prenatal care was increased in 1995; ninety-five percent of babies less than one year old were vaccinated, and special attention was given to the prevention of contagious diseases.

School registration totaled 1.134 million students in 1995; this includes 764,000 in grade school, 221,000 in high school, 99,000 in preschool education, and 50,000 in special adult education and teacher training.

To achieve development with a broad social base, 240 million cordobas were assigned during 1995 in credits to small- and micro- scale entrepreneurs who carried out 29 training courses for the benefit of 8,550 people. Technical assistance was rendered to various productive branches in 13 departments and the Autonomous North Atlantic Region.

To lessen unemployment, an average monthly rate of 18,000 temporary jobs in 1995 were created plus 26,000 permanent productive jobs. Public investment programs generated a total of 24,000 direct jobs and 36,000 indirect jobs.

We will continue to deepen participation of local communities and governments in social benefit works. My administration will continue to strengthen the institutional and political framework that promoted private investment and generates jobs.

Nicaragua's social security system was bankrupt in 1990. My administration began a process of reforms to establish a new model of investment, a reform that continued to be applied in 1995 to make it more effective and efficient, promoting a growing participation of the private sector in addition.

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Nicaraguans must stand united this year to resolve two fundamental challenges: first, to hold peaceful, free, and open elections of which Nicaragua can be proud and to serve as an example to other countries. My utmost goal is to be able to turn over the presidential sash with which you, fellow Nicaraguans, have honored me to whomever is elected with the assurance that every vote cast will be a vote counted under the tutelage of an absolutely independent electoral branch.

My government has invited observers from international organizations, the United Nations and the OAS, for the national elections, similarly as with previous elections. My government will give the broadest welcome to whatever free-world citizens who care to come to accompany us in witnessing and encouraging the purity of the 1996 elections.

As an homage to Nicaragua by our elders and children, I am taking this occasion to solemnly promise before the government over which I am honored to preside that the government will guarantee an electoral process that is absolutely clean, as my husband, Pedro Joaquin Chamorro Cardenal, has envisioned. The money from the national coffers.... [applause]

I repeat: Just as my husband, Pedro Joaquin, has envisioned. The money in the national coffers will not be used for partisan campaigns.

The second challenge is to consolidate the democratic process by strengthening our institutional framework and legal order. The reinsertion of the institutions into a state of law is indispensable in resolving the serious problems which we inherited and which still persist. We have to work together, all the government branches, to further the wellbeing of our fatherland.

The third and last big challenge I trust we will know how to surmount successfully is to bolster our economic stability and to accelerate our growth. We are going to continue furthering, with greater zeal, our sustained efforts to handle our public finances with responsibility, discipline, and clarity. We want to ensure that the political electoral process does not [word indistinct] or affect the stability we have started to achieve with the effort of all Nicaraguans.

I am convinced we will simultaneously manage this year to hold the elections, to consolidate our democratic institutions, and to reinforce the process of economic growth with social justice.

I want to tell the Nicaraguan people that during these past six years—a period during which I have exercised the difficult mission of governing Nicaragua, a country that was oppressed by war, inflation, military service, and so many other problems—I have had the profound satisfaction of having contributed, with my head held high, to putting an end to violence, reuniting the Nicaraguan family, and building a democracy which respects all civilian and political rights and which had never been seen in our history.

I do not tire of inviting all Nicaraguans to keep ourselves united, to join our arms to work and ensure that violence does not tarnish our fatherland's soil ever again, and so that we can leave our children, the hope of our country, a Nicaragua that is strong, reconciliated, and has a future of peace, concord, and democracy.

May God bless Nicaragua and all Nicaraguans. Thank you. [applause]

Panama

Panamanian Government Interested in Developing Howard Base

PA1501014696 Panama City LA ESTRELLA DE PANAMA in Spanish 13 Jan 96 p B-9

[Report by Jacqueline Clarke]

[FBIS Translated Text] Panamanian President Ernesto Perez Balladares said yesterday the Panamanian Government is interested in developing the housing facilities, the underground installations, and the air terminal at Howard Air Force Base.

In addition, Perez Balladares said there are still certain individuals in the Bill Clinton administration who oppose the initiation of exploratory talks, which were suspended last year.

The president said economists Marcos Fernandez and Jose Galan Ponce are conducting a study on the benefits Panama would obtain from using the military installations and the possible maintenance costs the country would have to pay.

Regarding Howard Air Force Base, Perez Balladares said there is preference for the housing facilities, certain underground installations, and the air terminal. He said: "The rest of the area is unimportant for Panama's development, however."

He stressed the significance of the study, because it will create "a general data base" that will help "all Panamanians make the best decisions" for the nation's interest.

Furthermore, Perez Balladares said he maintains "a permanent dialogue" with the U.S. authorities on general topics.

He said: "Nevertheless, we have specifically postponed the exploratory talks until we Panamanians have a better understanding of what the bases mean for us."

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This period will allow the United States to unify its position, because the organizations in the Bill Clinton administration uphold "various opinions" regarding the permanence of the military bases in Panama beyond the year 2000.

Union Leader on Possible U.S. Proposal To Stay in Panama

PA1401162896 Panama City EL PANAMA AMERICA in Spanish 12 Jan 96 p E-8

[Report by Carlos Vargas]

[FBIS Translated Text] Mario Archer, secretary general of the Armed Forces Workers' Union (Local 907) disclosed that he has been informed of a possible U.S. proposal to leave more than 2,000 soldiers and 509 civilians stationed in two military bases after the year 2000.

According to Archer, the information was given during a recent meeting of the military bases' Labor Council, which includes five representatives of Local 907 and a high-ranking director of the bases — including the chief contractor and the secretary of a high-ranking colonel in the Southern Command.

The union leader said that the Labor Council meets once a month and that in each session the 12 council members are briefed regarding the main labor issues in the sector.

Archer indicated that if 2,000 soldiers are to remain, more than 500 workers could continue to work in those areas. However, Archer warned that the union would ask that the minimum salary be increased to at least $4.30 an hour for those workers.

Panama is currently conducting an economic survey to determine the impact of the permanence of the U.S. military bases along the banks of the canal to submit it to consultation with other sectors of the country.

Meanwhile, Archer announced that beginning Monday a survey will be conducted among military base employees regarding the permanence or withdrawal of the bases and the economic effects upon their families.

Archer disclosed that the results of the survey will be turned over to the Panamanian Foreign Relations Ministry and the U.S. negotiating team so that they might understand the real situation of the U.S. bases employees.

The leader of Local 907 will meet with U.S. Ambassador William Hughes on 16 January; later, on 17 January, Archer will meet with Panamanian President Ernesto Perez Balladares; and then with the Conep [National Council of Private Enterprise] , SIP [Association of Panamanian Industrialists], and APEDE [Panamanian Association of Business Executives] business groups to discuss the future of the military bases' employees after the U.S. troops withdraw in the year 2000.

Panamanian Paper on 'Gringo Hoodlumism' in Haiti, Honduras

PA1601145196 Panama City LA PRENSA in Spanish 14 Jan 96 p 36A

[By I. Roberto Eisenmann, Jr.; "Gringo Hoodlumism" — LA PRENSA headline]

[FBIS Translated Text] The CIA has turned out to be everything the left used to say during the Cold War and much more. Noriega himself has admitted that he was put on the CIA's payroll in his early days, when he associated with leftist groups. The worst part is that he remained on the payroll even when gringo intelligence knew that he was heavily involved with drug mafias, on which other large and armed U.S. Government organizations had declared "war."

Haiti's Emmanuel Constant, leader of the FRAPH [Revolutionary Front for the Promotion and Progress of Haiti] — the military organization that intimidated Haitians during the military coup that toppled Aristide — confessed on U.S. television a few days ago that he was on the CIA's payroll (and the CIA has confirmed it) just as the U.S. President was trying to return Jean-Bertrand Aristide, the legitimate president, to power. The Constant on payroll was the one who organized an antigringo demonstration in Port-au-Prince when the first U.S. troops arrived in Haiti, which prompted the United States to decide not to go in until later.

CIA hoodlumism became a separate government with its own agenda, the "enemies" of which came to be even elected U.S. officials.

Now to Honduras: The CIA created the 3-16 Battalion within the Honduran Army. As the tortures and murders of the 3-16 Battalion became known, CIA Director John M. Deutch said that CIA work in Honduras constitutes an example of "how things must not be done."

Criminal accusations are being lodged against more than 12 members of the fearful 3-16 Battalion. General Luis Alfonso Discua, Honduran Armed Forces commander and the first commander of the 3-16 Battalion, is protecting the accused officers, preventing their surrender to justice. He has categorically stated that "the Honduran Armed Forces distrust the country's legal system." This serious situation obviously has Honduran democracy on tenterhooks.

The question is: What does Southern Command Chief Gen. Barry McCaffrey tell Gen. Discua, his Honduran

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counterpart? Does the former remind the latter of what the School of the Americas teaches about human rights? Does McCaffrey explain to Discua that his behavior is not that of a soldier of the fatherland, respectful of democracy and civilian authorities? Or does the Southern Command chief treat Gen. Discua with his usual military respect, telling himself "no problem — he is one of us"?

Has CIA Director John M. Deutch offered the CIA's files on the 3-16 Battalion to the Honduran prosecutors to ensure that justice will be done? Or has he simply continued with his complicity of silence? After all, as a quite cynical conservative once said: Torturers, the dead, and the missing are not a human rights problem but a "human leftists" problem.

I am certain that those who believe that a U.S. military presence in Panama represents security for us prefer not to learn of stories as those of Haiti and Honduras, which are only the most recent stories of the hoodlumism of the "gringo intelligence community."

Panamanian President 'Will Not Tolerate' Corruption

PA1501124796 Panama City Telemetro Television Network in Spanish 1730 GMT 12 Jan 96

[FBIS Translated Excerpt] During an interview, President Ernesto Perez Balladares, referring to the former governor of Cocle and a former auditor of the presidency, said flatly that he will not tolerate corruption in any form and that there will be no exceptions.

[Begin Perez Balladares recording] In this particular instance, it is important to point out that public officials are, in general, honest enough to the extent that those who were approached to cash a government check in exchange for a kickback reported it instead. They were honest and courageous enough to let me know, and I, of course, issued instructions to the Attorney General's Office, Judicial Technical Police, the National Police, and security organizations to initiate an investigation, which is now just beginning. This means that no one is excluded from the administration of justice. Whoever in my government becomes involved in criminal actions will be incarcerated. Period. [end recording]

He also said that the former governor's actions will have to be assessed from a political point of view, too.

[Begin Perez Balladares recording] I am sure the former governor's actions will be examined by the (?National Executive Committee), to which he still belongs. [end recording] [passage omitted with Perez Balladares' remarks on the Women's Prison inmates' rebellion]

Panamanian Government Warns Against Corruption

PA1601164596 Panama City EL SIGLO in Spanish 13 Jan 96 p 2

[Report by Betty W. Mendieta]

[FBIS Translated Text] Finance and Treasury Minister Olmedo David Miranda warned yesterday that the government will end corruption, big or small, by high-ranking state officials.

Miranda said what matters is not whether officials are corrupt, because not all of them are. What matters in these cases is to report corruption according to the law, because the government wants to punish those who commit illegal acts. We cannot, however, blame every official of involvement in corruption, because there are officials willing to work for the country's well-being.

Since the ministry is not a jurisdictional body that can investigate and impose penalties, it cannot establish the kinds of sanctions to impose on people who commit a misdemeanor in the ministry.

Miranda stated that the ministry, in such a case, removes the officials who have committed misdemeanors from their posts and the proper authorities are responsible for imposing the corresponding penalties.

The minister said the institution's goal is to eliminate bureaucracy from the ministry's agencies, not only by improving the facilities to benefit taxpayers but also by eliminating obstacles or steps.

Miranda explained all the formalities taxpayers have to go through to make their payments or request a document. He noted that without tax collection, the state would not have the necessary funds to finance its social and economic plans.

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Argentina

Argentina's Di Tella To Meet With U.S., UK Officials

PY1901003596 Buenos Aires LA NACION in Spanish 18 Jan 96 p 4

[FBIS Translated Text] Foreign Minister Guido Di Tella yesterday noted that, under the belief that "we will quickly agree with senators and deputies," he will go to Washington to discuss the patents law issue with U.S. Trade Representative Mickey Kantor.

Nevertheless, the meeting has not been confirmed. It will depend on a telephone conversation scheduled for 19 January, he said. The foreign minister explained: "Now there is a state of legal confusion. The Foreign Ministry's interest lies in establishing if the law is compatible with the GATT. As things stand now, we believe some aspects are rather incompatible and we must avoid incompatibility."

The foreign minister arrived last night from Punta del Este, Uruguay and said he would meet on 25 January — also in Washington — with his U.S. counterpart, Secretary of State Warren Christopher, to discuss various issues, as they had agreed holding two meetings per year. These issues would include the dispatch of Argentine troops to Slavonia, the Mercosur [Common Market of the South] expansion ("I will explain that it does not go against the resolutions approved at the Miami Summit, but is rather complementary. Why? Because they [not further specified] always have their doubts in this area."), the reasons for not joining NAFTA, and the headway achieved with the United Kingdom on oil and fishing.

The foreign minister also will explain that "the Chilean reports on military activities in the Continental Glaciers are not a cause for concern, but actually are sensitive." He added: "I want (Christopher) to know the true scope of these activities and not let the newspapers influence him."

Di Tella noted that on 15 January he discussed with his Chilean counterpart, Jose Miguel Insulza, the appropriateness of removing all the possible misunderstandings over Chilean military activities in that area. He said: "We would not want our society to fail giving an honorable reception to President Frei's visit, which has been scheduled for April. His presence deserves an honorable reception."

The Argentine foreign minister will go from the United States to London where, on 29 January, he will meet his counterpart, Malcolm Rifkind. "The issues for discussion will include the impending agreements on oil and fishing and the Argentine hope of improving the communications with the Malvinas Islands," he said. Di Tella will also meet other ministers of the British Government. Afterwards, he and President Carlos Menem will go to Davos, Switzerland.

Argentina's Di Tella on Chilean Base in Continental Glaciers

PY1701221096 Buenos Aires TELAM in Spanish 2050 GMT 17 Jan 96

[FBIS Translated Text] Buenos Aires, 17 Jan (TELAM) — Foreign Minister Guido Di Tella today emphasized that the Chilean bases in the Continental Glaciers are indisputably established in Chilean territory. He said he hopes these gestures will not change the style of bilateral relations with Argentina.

Di Tella told journalists: "As far as we know, these gestures (by the Chilean Government) involve a Continental Glaciers area that is indisputably Chilean."

The foreign minister thus answered questions on a visit that Chilean Foreign Minister Jose Miguel Insulza was scheduled to make on 16 January to a military base that the Chilean Air Force established in the Chilean Continental Glaciers. Insulza's visit was held over until today because of bad weather.

Di Tella noted: "Of course, we would like these actions — which, although insignificant, are sensitive — not to affect bilateral relations."

The foreign minister pointed out that bilateral relations "are superb and will continue to be enhanced through cooperation and sound judgment."

Argentine Defense Min ter on Radar System, UK Companies

PY1801002996 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2137 GMT 17 Jan 96

[FBIS Translated Excerpt] Buenos Aires, 17 Jan (NA) — An international bid to install radars in northern Argentina would "a priori" be open to all first-rate companies, but "the continuing embargo" by the United Kingdom on the purchase of weapons "is a factor the Defense Ministry is taking into account" and could, at a given time, be a stumbling block for the participation of UK companies.

Defense Minister Oscar Camilion thus emphasized today that the current embargo, implemented by the United Kingdom after the Malvinas War, "affects the Argentine Armed Forces."

Camilion pointed out: "If we now want to repair the turbines of our corvettes, we would not able to do so

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because of the embargo. This is a factor that we are taking into account."

Nevertheless, Camilion pointed out: "It will be an open bid and the best bidder will win."

Asked about the problems UK companies could face if they participate in the bid, Camilion said: "In my opinion, the continuing embargo on the purchase of weapons and components by the United Kingdom is a factor the ministry is taking into account."

Camilion believes the continuing arms embargo implemented against Argentina "is an anachronism" and "a politically inappropriate and senseless measure."

Camilion added: "UK companies have been prevented from participating in a market in which they were regular suppliers."

He explained that the final assessment of any UK company bids would be unrelated to a hypothetical military conflict with the United Kingdom.

Camilion noted: "We are not contemplating any type of military conflict with any country." He explained that this factor could not be used with regard to a Chilean company in the bid.

Nevertheless, the defense minister ruled out this possibility, noting: "The companies that can offer complete radar systems are, without any exception, from highly developed countries."

The defense minister said: "There is not a single country in our region that could offer this type of system."

In remarks during a farewell ceremony to the troops that will participate in a UN mission in Cyprus, Camilion also described as "very positive" the invitation received by Lieutenant Martin Balza, the Army chief of staff, to visit the United Kingdom.

The minister said: "Our relations with the United Kingdom in the military field are increasingly positive." As an example, he cited the joint Argentine-British tasks in Cyprus.

Camilion also pointed out that Brigadier Juan Paulik, the Air Force chief of staff, visited the United Kingdom last year and "was very well received."

Camilion also hopes that Balza's visit to London would come within the next few months "to enhance the excellence of the military relations between the two countries." [passage omitted]

Israeli Ambassador to Argentina Rejects Special Protection

TA1301133796 Jerusalem Qol Yisra'el in English 0500 GMT 13 Jan 96

[FBIS Transcribed Text] Israel's ambassador in Buenos Aires said he turned down Argentina's offer to give him special protection following reports that he may be the target of an eventual reprisal attack by Iran.

The ambassador's comments followed an Israeli television report that a secret Iranian document said that he and the leader of Argentina's Jewish community would be attacked if the Israelis were to strike against Iranian targets. Ambassador Yitzhaq Aviram said the Foreign Ministry had not alerted him to any possible danger and he was not taking the report seriously.

Argentine-Uruguayan Anti-Narcotics Campaign Launched

PY0801122696 Buenos Aires TELAM in Spanish 2115 GMT 5 Jan 96

[FBIS Translated Text] Buenos Aires, 5 Jan (TELAM) — Drug Addiction Prevention Secretary Gustavo Green announced today that Argentina and Uruguay will launch a joint campaign to prevent the consumption of drugs and fight drug trafficking in the region.

Green told TELAM that representatives of the government drug enforcement organizations in Argentina and Uruguay held a meeting where they discussed the possibility of a joint campaign.

The official said that "a commission presided over by Under Secretary (Planning, Control, and Legislation) Miguel Garcia Moreno paid an official visit to Alberto Scavarelli, head of the National Board (from Uruguay) for the Prevention and Repression of the Illegal Traffic and Abuse of Drugs."

Green said that the campaign, of a preventive nature, is in the preparation stage.

Green added that a poster carrying the slogan: "This Summer, Get Ahead Without Drugs" with the Argentine and Uruguayan flags crossing it has already been finished.

The secretary explained that the initiative will complement the national programs "Project Blue Summer" that are being implemented by the Uruguayan Government.

"We will also implement a number of joint operations with Uruguayan security forces at the border within the framework of the struggle against drug trafficking," Green added.

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With respect to the project's state of development, Green said: "Today we had a meeting in Colon (Entre Rios) with people representing the Secretariat, provincial organizations, and security agencies in Argentina and Uruguay, to analyze the structural work for the operations."

Green said that "the idea is to extend this work to the entire sphere of Mercosur [Common Market of the South]. President Carlos Menem told us to try to extend all our drug enforcement efforts to Mercosur."

Green said that they have not programmed similar campaigns with Brazil and Paraguay, adding, however, that they are thinking of organizing "a 'Soccer 5' tournament that would be called 'Sun Without Drugs in the Mercosur,' which would be organized by Ubaldo Matildo Fillol."

Bolivia

CIA Director To Visit Bolivia for Talks on Antidrug Efforts

PY1801162796 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 18 Jan 96

[FBIS Translated Text] Speaking of the devil, the leadership of the U.S. CIA will visit Bolivia. An Erbol [Bolivian Radio Schools] report indicates that the leadership of the dreaded CIA, the U.S. Central Intelligence Agency, will be in the country for three days to evaluate the antidrug fight from the perspective of the secret services, according to official information.

The delegation is headed by CIA Director John Deutch, who is also a member of President Bill Clinton's cabinet; [words indistinct] Lieutenant General Kenneth Minihan, director of the CIA of the Defense Department [title as heard]; and DEA Deputy Director Steve Greene.

A communique issued by the Social Communications Ministry indicates that during the delegation's stay, which will last until 1200 on 20 January, meetings will be held with Bolivian authorities to continue bilateral consultations on the two nations' efforts within the framework of the fight against drug trafficking.

It is believed that U.S. Ambassador Curtis Kamman, who is also a specialist in intelligence topics and investigation, will participate in the official talks. He has previously been posted in Cuba, Russia, Nairobi, and other countries.

The CIA leadership will arrive in the country in the midst of the unresolved intervention of the Special Antinarcotics Force, which came about due to the well-known case of the narcoplane belonging to Luis Amado Pacheco's gang.

Thus, the cream of the CIA is coming to Bolivia. As the brown-skinned Thalia [not further identified] says: Ay caramba.

Bolivian Foreign Minister: U.S. Should Match 'Sacrifice'

PY1701014496 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 16 Jan 96

[FBIS Translated Text] In 1995, the government failed in its attempt to denarcotize [desnarcotizar] Bolivian-U.S. relations. The famous [U.S. decertification] ultimatum launched our national strategy to remove tensions over this issue. Nevertheless, this issue goes on and is becoming worse.

Foreign Minister Antonio Aranibar said the government has fully met all the U.S. requirements, but — conversely — U.S. economic assistance is becoming increasingly smaller.

[Begin Aranibar recording] Bolivia's viewpoint — and I believe not only the government's, but the Bolivian society's viewpoint — is that there is a share of sacrifice, commitment, and political decision that should be equally matched. [end recording]

U.S. Ambassador to Bolivia Curtis Kamman has announced that the balance of payments would collapse in 1996 and only the interdiction and the alternative development programs would be maintained.

Former Bolivian President's U.S. Visa Canceled

PY1501202596 Madrid EFE in Spanish 1923 GMT 13 Jan 96

[FBIS Translated Excerpt] La Paz, 13 Jan (EFE) — The alleged connection of former Bolivian President Jaime Paz Zamora with at least five individuals indicted on charges of drug trafficking is allegedly behind the U.S. decision to cancel the visa's of Paz Zamora and his sister Edith.

Paz Zamora's alleged links with individuals with drug trafficking connections are mentioned in a report presented by the Bolivian prosecutor's office to the court.

According to judicial sources, the document includes a report produced by the Attorney General's Office describing the alleged relations of former President Paz Zamora (1989-1993) with individuals currently in jail for drug trafficking violations. Those individuals are Jorge Roca Suarez, alias "Techo de Paja;" Carmelo "Meco" Dominguez; Faustino Rico Toro; Jose Francisco Azurduy Estenssoro; and late Isaac "Oso" Chavarria.

On 12 January it was revealed that on 9 January the U.S. Embassy in La Paz canceled the visas of Paz

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Zamora, his sister, and Oscar Eid Franco, leader of the former president's political party — Movement of the Revolutionary Left (MIR). Eid Franco has been detained at the San Pedro prison on charges of covering up for alleged drug trafficker Chavarria for over a year.

According to the investigations included in the prosecutor's report, Paz Zamora had relations with Chavarria since the mid-1980's and received Chavarria's support — the loan of light planes and vehicles — for the 1985 and 1987 electoral campaigns. [passage omitted]

Former Bolivian President 'Surprised' at U.S. Visa Action

PY1501232096 Madrid EFE in Spanish 1319 GMT 15 Jan 96

[FBIS Translated Text] Santiago, 15 Jan (EFE) — Former Bolivian President Jaime Paz Zamora has said that the U.S. Government decision to cancel his visa is probably "a confusion" caused by "bad information."

"The decision surprised me. I think there is a confusion. I cannot find any justification," the former president, who is being investigated by the Bolivian Government for his alleged connections with late drug trafficker Isaac "Oso" Chavarria, said.

Paz Zamora made these remarks in the Chilean city of Concepcion, located 515 km south of Santiago. His remarks were reproduced in today's issue of EL MERCURIO. Paz Zamora said that he has not been charged with "absolutely anything" and, therefore, he is not "facing any trial or sentence."

The former president (1989-1993) said the U.S. Government decision was based on "bad information," stressing that his relations with the U.S. Government and people during his administration "have been most adequate."

Asked about demonstrations of support in Bolivia as a consequence of the U.S. decision, Paz Zamora said these demonstrations gave him deep satisfaction, not because they referred to him personally, but because "they are a Bolivian people, a Latin American people expression of national dignity and unity."

Paz Zamora said in this new international scenario, now that the cold war is over and the world is faced with new regional and international challenges and problems, Bolivia is "in the eye of the storm."

Paz Zamora warned that in this political context "we run the risk of trampling on many human rights under the pretext of serving superior causes."

The former president said that he will wait until he has all the relevant information before expressing an opinion on the canceling of his visa, but reiterated his belief that the problem will be resolved with the adequate information.

Paz Zamora said the report saying that the U.S. measure was caused by his refusal to extradite the Bolivian drug trafficker to the United States was just "speculation."

Paz Zamora, former Chilean President Patricio Aylwin, and former Ecuadoran President Rodrigo Borja on 12 January participated in a discussion on the issue "The Humanizing of Society, a Pending Challenge," which was organized by the University of Conception summer program in this city.

Bolivian President Returns From United States

PY1501125396 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 15 Jan 96

[FBIS Translated Excerpt] The president returned on 14 January after visiting the United States, where due to an unforeseen snow storm he was unable to carry his main objective of preparing the agenda of the Sustainable Development Summit that he will host.

Government sources stressed that the activities the chief of state was able to carry out were successful. While in New York he met with executives of the international organizations and private businessmen who are interested in the summit. [passage omitted]

Brazil

Brazilians Concerned Over U.S. Government Budget Problem

PY1901004696 Sao Paulo AGENCIA ESTADO in Portuguese 1928 GMT 16 Jan 96

[Commentary by Joelmir Beting: "On Other People's Accounts"]

[FBIS Translated Excerpt] Thousands of Brazilians are very much worried about the government's budget deficit. The U.S. Government's budget deficit. The theatrical attitudes adopted by the executive and legislative branches in voting the budget for the 1996 fiscal year (which started on 1 October) will probably begin again on 26 January. This impasse has already lasted two months. Currently, public services are functioning provisionally. They may again be suspended on the 26th; including the issuance of visas for Brazilian passports.

— Thousands of investors and speculators who work in the stock market, the gold market, the dollar market, or the fixed-earning market are also depending on the political scheme that has been delaying a technical solution to the U.S. budget problem. If this bunch of accounting material is approved with expenditure cutbacks, the

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"made-in-Washington" interest rate projections will go down the slope. If this occurs, stock markets worldwide — including the Brazilian one — will go up.

— Financial consultants of the Rio de Janeiro-Sao Paulo axle recommend a quarantine-like period of moderate bets in the stock market. It is indispensable to wait for a definition of this budget imbroglio, which is taking place in the eagle's nest. It is well-known that the First World stock markets, as well as those of the "emerging markets" are running the risk of breaking down. The market value of the document being moderately negotiated surpasses, by far, their equivalent nominal value.

— Bingo for Brazil. Here, the market value is equivalent to about one half of the nominal value. This can be proven by the performance of the company that leads the sale of shares in the national stock markets: its majesty the Brazilian Telecommunications, Inc. In other words, if interest rates drop in the United States and in the EU, the so-called gypsy money will be invested in the Brazilian stock markets. A small fraction of the gigantic portfolio of U.S. funds, for example, could double the capital invested in Brazil in about 12 months. There is room for that. On Wall Street, however, those who enter the stock market in January and back out in December will have a profit of, at most, 10 percent in the best of all hypotheses. This is the J.P. Morgan brokers' projection.

— The U.S. deficit, however, is not big enough to frighten the financial capitalists. It has been dropping for quite some time. It dropped from 4.9 percent of the GDP, which was registered in 1993, to 3.1 percent in 1994 and to 2.5 percent in 1995. In 1996, the government will be satisfied if it stands at 2.3 percent. Also important is that this deficit can perhaps be calmly financed in the long term and with low interest rates.

— What is being discussed in the current "budget crisis" (representing the huge sum of $1.540 trillion) is how long it will take for the deficit to reach the zero level. This discussion has been causing the visible and public embarrassment of seeing the essential public services close down. Bill Clinton believes it will take seven years to reach the zero level and the opposing Republicans demand that it be reached in five years. Everything else that is said about this issue is mere empty talk. [passage omitted]

Brazilian Newspaper Article Criticizes Sivam Alternative

PY1901014896 Sao Paulo FOLHA DE SAO PAULO in Portuguese 17 Jan 96 Section 1 p 3

[Article by Guido de Resende Sousa: "Anti-Americanism by Order"]

[FBIS Translated Text] I had the opportunity to refute some absurd remarks made by Editorial Council member Professor Cerqueira Leite about the Sivam [Amazon Region Surveillance System] project in a recent article published by FOLHA (12 Dec 95). As a professional with long experience in the control of air space and as a participant in the design and development of the Sivam project I cannot remain silent before Cerqueira Leite's "truths" about some of the project's technical aspects, which, on the other hand, are not in his field of expertise.

I will quote a colleague who has more experience than myself and I will say that the only thing worse that a "half truth" is a "half lie."

Among the many technical follies mentioned in the article "An Alternative for the Sivam" (FOLHA 10 Jan 96) we would like to outline the reference to the OTH (Over the Horizon Radar). The interesting part of this story is that this type of radar was first mentioned, outside of Brazilian aeronautics circles, by an executive of the French firm Thomson CSF during the congressional hearing that led to the selection of the American company Raytheon as the main supplier for the program.

It is important to note that this equipment's "outstanding characteristics" were brought to light only after the end of the selection process, that is, after "the game was over." The OTH could have been proposed by any of the competitors, but no one did. The OTH, the great technological novelty that Professor Cerqueira Leite wants to sell us, is a product of the cold war that was developed in the 1960's even though the equipment's operational principle was already known in the 1930's.

One reason why this equipment was not proposed could be that the Americans used these war surpluses to detect drug traffickers' planes without much success, perhaps because the equipment has operational limitations such as lack of precision and low trustworthiness in equatorial regions.

The FAB [Brazilian Air Force] detected some hundreds of planes in the Amazon region, not thanks to Puerto Rico's OTH, but to an Italian mobile 3D radar installed in Boa Vista that had been purchased many years ago and that does not perform as well as the equivalent

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radars proposed for Sivam, which, in the distorted vision of our professional, were "unsatisfactory" for air surveillance.

How could the physician have surmised that an OTH could be developed in Brazil for $500,000? We spent $4 million in the project of a simple meteorological radar, which up to now did not even leave the prototype stage, and which was developed over the past 15 years. Is this the radar the professor says we are producing and we are exporting even to the United States? It would be appropriate, since this professor is notoriously anti-American, to consult with the French about the OTH development costs. After all, he obtained a Phd in France and should speak French well.

Brazil does not have a radar industry. The only radars national companies sold to the Aeronautics Ministry were Thomson CSF radar models that were assembled in the country. The government has, indeed, given a lot of incentives to the national industry, but local prices are not competitive and these companies can only sell in our internal market. Companies that mounted the French radars did not sell any units outside of the country. Companies do not do well, although entrepreneurs are doing very well.

The allegation that Brazilian VORs [Very High Frequency Omnidirectional Range] are exported to the United States is ridiculous. The writer heard half of the story and disseminated a "half lie." In 1990 then Major Brigadier Ivan Frota, today an active member of the "anti-Sivam lobby," was the director of the air travel protection system. In that capacity Frota decided to purchase some VOR and DME [Distance Measuring Equipment] and decided to consult with Tecnasa, a national manufacturer. Prices, however, were considered excessive and the man who is today an ultranationalist decided to purchase the equipment, well, in the United States instead.

But what made the product expensive was the Brazilian tax system. The company, then, exported the VOR and DME to a subsidiary in the United States and then reimported the equipment and sold it to the Aeronautics Ministry. What a feat for the national industry!

It has already been proven through the use of the 3D Mobile Radars in Boa Vista and the intensive use of airborne radars by the most efficient air forces in the world — the American and the Israeli Air Forces — that this is the best combination to detect planes flying at low altitudes. The professor might think this is not correct, but he cannot change a reality and a technical fact.

I would like to conclude this article by touching other aspects that I know a lot better than my former teacher.

The first company to learn about the Sivam project was not Raytheon, but Thomson, in 1990. At that time this company was participating in the project to install an Airspace Control System, which later gave birth to the Amazon region project. The French company made its proposals on the project to Aeronautics Ministry officials long before the American company made its presentation to Brazilian legislators in 1993. I, myself, as president of Ciscea (Commission For the Installation of the Airspace Control System) had the opportunity to hear that great company give a brilliant explanation on the Sivam project in 1991, when I was on an official mission to Paris.

But let us end with this fib, the "half lie" that ESCA or some foreign company was responsible for the design of the project. The design and the documents on the project's configuration are the work of the Brazilian Government.

The only thing worse than making a mistake is to insist on the mistake. Before doing that we might want to take a look at the main body of Contract No. 01/95-Government/Rayth.

Accord on Brazilian Social Security Reform Postponed

PY1901013396 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 18 Jan 96

[FBIS Translated Text] The government and the labor unions have decided to postpone signing the agreement on the social security reform. The CUT [Sole Workers Center] president said that he still has to discuss further the government proposal with the union leaders.

CUT moved backward and criticism advanced. On the one hand, the government-supporting parties protested failure to honor the word given. There has been an agreement about the social security reform. Therefore, this agreement must be complied with, the Liberal Front Party leader said. On the other hand, criticism came from opposition congressmen themselves. They opposed the negotiations, particularly because they had been left out.

[Begin CUT President Vicente Paulo da Silva recording] I have often been bothered by women's jealousy, but this is the first time I am the target of deputies' jealousy. This is the worst type of jealousy there is. [end recording]

Early this morning, Planalto Palace was ready to celebrate the agreement reached between workers and the

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government, but in vain. After CUT decided to move back on the agreement, the ceremony became the preamble of an agreement. The two sides have agreed, however, on a strategy: to make clear that Congress is also included in the negotiations.

The objective of the ceremony was the agreement. The word agreement, however, was kept in the drawer. In an effort to reach the agreement, the government praised the workers, and the union leaders poured their hearts out:

[Begin recording] [Vicente] The newspapers have been criticizing me so harshly [laughs], that I am being beaten as if I were a savage horse...

[Fernando Henrique Cardoso, interrupting] You are being criticized almost as much as the president is being criticized.

[Vicente, laughing] No, not like the president...[pauses] What I want to say is that our labor union has never harmed any principle. I want to state that if a labor union is not capable of negotiating, what is it good for? [end recording]

The real impasse, however, is inside Congress. The Chamber of Deputies president has deemed the report that was ready to be voted on next week unconstitutional because it included the clause requiring that retired public employees pay a contribution to the Social Security Ministry. The deputies rejected this proposal yesterday and their decision represents a sum of at least 1.5 billion reals per month that the Social Security Ministry will not be able to collect. The proposal's rapporteur could not accept this decision and has appealed. This represents one more week's delay in voting on the reform.

Brazilian Congressional Session's Agenda Viewed

PY0901172696 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Jan 95 p A3

[Editorial: "Mysterious and Incoherent Agenda"]

[FBIS Translated Text] The agenda for the special congressional season summoned by the executive branch is the kind that makes one doubt the seriousness of Planalto Palace's intentions when it decided to summon deputies and senators to Brasilia from 8 January to 14 February. Senate President Senator Jose Sarney has written with a great deal of humor about the goals of this summoning. He commented on the lack of material to be supplied to journalists during this time of the year: "I was forgetting about the summoning of Congress for a special session. We will have only 25 meetings and more than 20 issues that are impossible to vote on." The senator mentioned 20 issues "that are impossible for vote on." What happens is that there are more than 100, maybe more, issues included on the agenda which nobody expects that Congress to analyze in 25 meetings. Is this perhaps the result of illusions of neophytes?

The Constitution is quite clear regarding the summoning of special congressional session: "Article 57, Paragraph 6 — The special summoning of Congress will be undertaken as follows: II — by the president of the Republic (...) in the event of urgent matters to be voted on or in the case of issues that are of relevant public interest." No one will disagree that the approval of the constitutional reforms that have been under debate in Congress for months is an issue of relevant public interest; that the approval of the budget is also of relevant public interest; and that the authorization for borrowing money to pay for the Amazon Region Surveillance System project; and the approval of the Five-Year Government Program can also be considered so. The inclusion of provisional measures that have been lying in the drawers of congressmen has a tactic-constitutional explanation: If the deadline for their approval expires during congressional recess and the executive branch reissues them, it will have to summon Congress to approve them. This current summoning makes another summoning unnecessary. What is, however, the "relevant public interest" justifying the inclusion in the agenda voting on "payments to be made to councils," to "the administration of highways," or need "to destroy hostile airplanes?" It would not have been necessary to fill an entire sheet of paper with the agenda: If the executive branch is more interested in voting on the constitutional reforms than in approving the budget (this is understandable), the reform proposals already in Congress would be enough to keep the congressmen busy during the 25 sessions of the special congressional season. Could it be that the agenda we are talking about to fill up a sheet of paper or to demonstrate that the Congress, even in a special season and with pre-—established issues, does not help the executive branch in its work toward national recovery? Or, could it be that those who drafted the agenda did not take the trouble to check how many minutes it would take to discuss each serious issue?

In this agenda, which does not make the slightest sense or have the slighest political discernment, there is something that can only create unrest in Brasilia and in the rest of the country. What is the reason to include among the issues Congress can discuss some that are listed in Article 52 (which is of the Senate's sole competence), such as approval of the attorney general's name and of the Central Bank directors' names? Does the president of the Republic know something that Congress does not? If Congress doesn't know it, is it expecting to learn about it? The following question is relevant: Why

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should Congress be summoned for that? The approval of ambassadorial appointments (which is also contemplated in the agenda) can wait until February. Or is it that there are serious pending international issues related to these appointments?

The reasons why the agenda has been drafted the way it was will always be a mystery. Particularly, we must insist when we know that the constitutional reforms the government is so intent on having approved are those about the social security area reform, and the administrative reform. Very well, both reforms are still in the hands of the special committees of the Chamber of Deputies and, once these committees approve them, they will have to be voted on in two rounds that must be separated by an interval as established by congressional rules which, under normal circumstances, must be complied with. After that, the reforms must be sent to the Senate, where the prevailing rules and those who oppose the reforms will know very well how to delay voting on them as much as possible. In the case of the social security reform, unless the president of the Republic (or Mr. Marco Maciel) succeed in convincing Deputy Jair Soares, president of the special committee, that Deputy Euler Ribeiro's report must be put into voting, the Chamber of Deputies president will have to apply the institutional rules — as he said he would — and withdraw the reform from the hands of the special committee and have them voting directly in a plenary session. This will represent a crisis. Let us point out that we are not mentioning how long it will take to convince the congressmen that they must approve the Sivam project.

For an administration that does not very well know how to conform a supporting-parties basis and allows its heart to oscillate between the Brazilian Progressive Party-Workers Party and the Liberal Front Party-Brazilian Democratic Movement Party, the decision to summon Congress to work on this sort of agenda, which the Senate's president — from his sheltered resting place in Maranhao State — criticized from the very beginning (and mentioned things that are done when they should not be done) has been too big a step to take.

The executive branch exposed itself too much to criticism by the opposition. The president of the Republic is lucky, however, that the opposition has disappeared from Congress and, with regard to the social security area reform and the Landless People's Movement, gave its place in to extracongressional opposition movements such as the Sole Workers Center and the Union Force. But there is at least one reason for solace: From 8 January to 14 February, Senator Jose Sarney will have something to be busy about and the journalists something to comment on.

Brazilian President's Approval Rating Higher Than Predecessors

PY0601005896 Sao Paulo VEJA in Portuguese 3 Jan 96 pp 30-31

[FBIS Translated Excerpt] During his first year in office, which he will be completing this week, President Fernando Henrique Cardoso has time and again stated that Brazil is doing well, in fact much better than his adversaries claim. Now, Cardoso has reason to believe that as president of the Republic he is also doing better than one would expect. A survey conducted by IBOPE [Brazilian Public Opinion and Statistics Institute] shows that, compared to his three civilian predecessors; that is, Jose Sarney, Fernando Collor, and Itamar Franco, Cardoso emerges as the most popular. According to the survey, which took into account the performance of the four presidents during their first year in office, Cardoso's approval rate stood at 40 percent; Sarney's at 36 percent; Collor's at 30 percent; and Franco's at 13 percent.

Planalto Palace hired Pernambuco-born sociologist Antonio Lavareda, who handled Cardoso's opinion polls during the electoral campaign and who is at present working for the PSDB [Brazilian Social Democracy Party], to conduct the survey. Lavareda drafted the questions to be addressed to those polled and hired IBOPE to carry out the field work. IBOPE surveyed 3,000 people in all state capital cities and in a representative number of small, medium-sized, and large cities of the interior of the states. Those surveyed were asked to rate the Cardoso administration as either extremely bad, bad, average, good, or excellent. The approval rate is obtained by adding the percentages of those saying it has been good or excellent. This is also known as the popularity rate. The Cardoso administration has been considered to be average by 40 percent of those polled; bad, by 15 percent; it has not been not rated by 2 percent of them. To draw a parallel between Cardoso's performance and that of his predecessors, Lavareda had to access a data bank, from where he obtained surveys on the former presidents. Because IBOPE did not regularly conduct surveys on Sarney, Lavareda used Gallup surveys.

Like in any other country in the world, the general price index first, closely followed by the unemployment rate, are the leading factors in determining the outcome of surveys on presidential performance. Only then will factors like the quality of public hospital services or of teaching in public schools will be considered. The IBOPE survey shows, through the comparisons, that in a country with an economy going through a stabilization process, the popularity of a president becomes a straight evaluation of the performance of his Finance Ministry. In May, for instance, when the oil

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workers' strike erupted, Cardoso's popularity dropped by 5 percent, from 44 to 39 percent. Sarney's popularity reached 81 percent at one time during the peak of the Cruzado Plan, in April 1986, but he ultimately had a meager 9 percent approval rate after the collapse of two of his economic plans. Cardoso has been the president with the more stable rates since the start of the democratization process. Figures show that Cardoso's popularity has always ranged around 40 percent, without major oscillations.

Gallup Director Carlos Matheus said: "He has been the first president since [Joao] Figueiredo to successfully maintain the level of his approval rating." Vox Populi Director Marcos Coimbra said: "These figures are a reflection of the powerful anchor role played by the Real Plan." Coimbra adds: "The stable figures are a reflection of the stability of the plan. If the plan fails, the president will also fail." IBOPE President Carlos Augusto Montenegro said: "As long as the economic figures are favorable and Brazilians are able to eat better, one may leak 40 pink dossiers [list of electoral campaign loans made by the Economico Bank] and 30 Sivam [Amazon Region Surveillance System] projects, but the president's popularity will not decline." [passage omitted]

The survey showed the president which issues he should include in his year-end address to the nation, namely the Real Plan, in which more than 60 percent of those polled expressed interest; the wage policy and social reforms, in which 37 percent expressed interest. Only 2 percent of them wanted to hear about Sivam or the pink dossier. Thus, it was not a random decision for Cardoso to overlook the story about the Economico Bank loans to Senator Antonio Carlos Magalhaes and to other friends of the bank. [passage omitted]

Submarine Commissioned by Germany Built in Brazil

PY0601011796 Sao Paulo AGENCIA ESTADO in Portuguese 1518 GMT 5 Jan 96

[Report by Roberta Jansen]

[FBIS Translated Excerpt] Rio de Janeiro, 5 Jan (AE) — First Lady Ruth Cardoso today said that the Community in Solidarity Program "will operate full force this year." She did not, however, give details of the projects that will be developed in the social field. This morning she commissioned the Timbira submarine, the second one built in Brazil, during a ceremony that took place in the Rio de Janeiro Navy Shipyard. With a budget of $200 million, the submarine will begin operating in August, when it will participate in patrol missions on the coast, and on squadron training exercises. [passage omitted]

The construction of the Timbira submarine is part of an agreement signed in 1985 between the Brazilian Navy and the German consortium Ferrostaal/HDW for the construction of four submarines. The first submarine was built in the city of Kiel, in Germany. Brazilian engineers and workers followed up its construction. The Tamoio and Timbira submarines were built in the Rio de Janeiro Navy shipyard. The fourth submarine foreseen in the agreement, the Tapajos, will be ready in 1998.

The total cost of the project is $900 million, financed by the German Government. According to Eduardo Maculan, Navy Shipyard submarine construction manager, the construction of a fifth submarine has been agreed with Germany. It will be called Tamandare and it will begin to be built this year. The Brazilian fleet of submarines includes three British-made submarines. Maculan cannot tell how many submarines Brazil needs to patrol its coasts, but he said that the current amount of submarines is not enough.

Roundup of Brazilian Economic Reports Through 12 Jan

PY1301024096

[FBIS Editorial Report] The following is a compilation of reports on economic activities in Brazil monitored through 12 January:

BASIC LEADING INDICATORS

Estimated Industrial Production — According to economists of the National Confederation of Industry, Brazilian industrial production will grow, at most, by 3 percent in 1996, while interest rates — in real terms — will range from 15 to 18 percent. The economists agree with the government on the estimated inflation rate for 1996, which is expected to range between 15 and 18 percent. (Sao Paulo AGENCIA ESTADO in Portuguese 1940 GMT 9 Jan 96)

Inflation Figures Given — The inflation rate in 1995, measured by the IGP-DI — General Price Index-Domestic Availability — was 14.78 percent. This is the lowest figure since 1957, when the indicator stood at 7 percent. The IGP-DI is calculated by the Getulio Vargas Foundation. In 1995, the Wholesale Price Index and the Consumer Price Index grew by 6.39 percent and 25.91 percent, respectively, compared to 1994. In 1995, with six months of high inflation and six months under the Real Plan, prices grew by 1,093.84 percent. (Sao Paulo AGENCIA ESTADO in Portuguese 2027 GMT 9 Jan 96)

FINANCIAL OPERATIONS

German Firm Plans Investment — Sao Paulo Governor Mario Covas on 9 January announced that Enercon —

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a German multinational company — will invest $50 million to build industrial facilities in Sorocaba. The company formed a partnership with a group of local entrepreneurs to produce windpower equipment. (Sao Paulo AGENCIA ESTADO in Portuguese 2239 GMT 9 Jan 96)

Credit for Commerce, Tourism — Luiz Carlos Mendonca de Barros, the president of the National Bank for Economic and Social Development, has announced that the bank has opened a credit line of 10 billion reals for creation of jobs in the tourism and commerce sectors. The funds available this year for this credit line are 30 percent higher than in 1995. (Sao Paulo AGENCIA ESTADO in Portuguese 1204 GMT 10 Jan 96)

Stock Price Variation — According to a study by the Inter-Atlantico Bank, in December 1995 the total value of the stocks of open capital enterprises on the Sao Paulo stock market was $148 billion, compared to $189 billion in December 1994. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 10 Jan 96 p 17)

Processing Industry Sales — According to a study made by the National Confederation of Industry, processing industry sales in November 1995 grew by 6.25 percent compared to October. This figure has been corrected for inflation. In the first 11 months of 1995, sales grew by 11.40 with respect to the same period in 1994. In November 1995, the number of hours of work devoted to production dropped by 1.88 percent compared to October 1995. (Sao Paulo AGENCIA ESTADO in Portuguese 1739 GMT 10 Jan 96)

Chemical Center in Rio de Janeiro — Petrobras, Unipar, Suzano and Petrochimica da Bahia on 8 January signed a protocol of intention to build a gas-chemical center in Rio de Janeiro, at a cost of $660 million. Petrobras will invest $170 million in the undertaking, while the private sector will invest $490 million. The center's project design is expected to be ready in three months. The center will begin operating in 30 months. (Sao Paulo AGENCIA ESTADO in Portuguese 2155 GMT 9 Jan 96)

Electricity Consumption Increase Noted — According to preliminary data released by Eletrobras, the consumption of electricity in Brazilian homes in 1995 grew by 12.2 percent with respect to 1994, reaching a level that was almost equal to the overall electricity consumption during the time of the economic miracle, in the 1970's. This information was confirmed by the Brazilian Association of Electric Home Appliances, which reported that sales of electric home appliances in 1995 grew by 30 percent compared to 1994. Overall energy consumption in 1995 grew by 6.2 percent with respect to 1994. (Sao Paulo AGENCIA ESTADO in Portuguese 1606 GMT 12 Jan 96)

FISCAL, MONETARY ISSUES

Treasury Deficit Noted — According to preliminary Finance Ministry data, in 1995, National Treasury expenses surpassed revenues by 4 billion reals. In December, the Treasury registered a deficit of 1.6 billion reals. In 1995, the state's payroll cost 38.5 billion reals. In 1996, automatic readjustments and promotions will make this figure jump to 41 billion reals. (Sao Paulo AGENCIA ESTADO in Portuguese 2235 GMT 9 Jan 96)

Loans to State, Municipal Governments — According to Central Bank data released on 9 January, between October and December 1995, federal banks were authorized to lend 516 million reals to state and municipal governments. During this period, state banks supplied 226.5 million reals, while private banks supplied 277.9 million reals. Throughout 1994 and during the first three quarters of 1995, the five federal banks accounted for 4.8 percent of total Budget Revenue Advance — ARO — operations. In 1995, total ARO operations accounted for 3.941 billion reals, compared to 1.541 billion reals in 1994. The participation of federal banks in those operations grew from 74.7 million reals in 1994 to 656.7 million reals in 1995. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 10 Jan 96 Section 1 p 6)

TRADE ISSUES

Coffee Export Figures — The Brazilian Coffee Exporters Federation has reported that Brazil exported 11.886 million bags of coffee in 1995. This quantity is 18.5 percent lower than coffee exports for 1994, when coffee export income dropped by 11.3 percent to $1.945 billion. In December 1995, exports reached 781,566 bags. (Sao Paulo AGENCIA ESTADO in Portuguese 1807 GMT 11 Jan 96)

Soybean Exports — In the 1995-96 season, registered soybean flour exports up to the end of 1995 reached 1.25 million tonnes. This quantity is 80 percent higher than exports in the same period of 1994. The Brazilian Association of Vegetable Oil Industries has reported that domestic consumption of soybean flour is expected to reach 5.7 million tonnes, compared to 3.2 million tonnes in 1990. In the 1995-96 season, 215,000 tonnes of soybean oil exports were registered up to December 1995. This quantity is 11.5 percent higher than exports registered for the same period in 1994. (Sao Paulo GAZETA MERCANTIL in Portuguese 8 Jan 96 p B18)

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Chile

Latin America 'Top Priority' for Chilean Foreign Policy

PY1801005396 Santiago EL MERCURIO in Spanish 14 Jan 96 p C1

[FBIS Translated Text] Latin America will be the top priority within Chilean foreign policy this year. Within this context, one of the main Foreign Ministry objectives is an agreement with the Common Market of the South (Mercosur) early in 1996.

Foreign Minister Jose Miguel Insulza explained this yesterday. He added, however, that the emphasis to be placed on regional ties at the bilateral and multilateral level does not mean the Foreign Ministry will overlook ties with other geographical areas that are important for the development of Chile.

Insulza said: "This year we hope to strengthen our ties within Latin America. The administration of President Eduardo Frei is characterized by its interest in Latin America."

He added that within this framework Frei is planning to make official visits to Brazil in March; and to Argentina in April.

In October Chile is scheduled to host the Ibero-American Summit which, at Frei's proposal, will discuss the issue of governability and the modernization of the public administration.

Insulza stressed: "In practice, Latin America is the Foreign Ministry's number one priority."

He said that, in view of this, the first goal early in 1996 is the conclusion of Mercosur negotiations. Under what was agreed by the parties involved, the idea is to have an agreement by March.

Insulza described this as a "decisive" goal and added that the administration wants an agreement that will encompass commercial liberalization and issues like physical integration, political dialogue, and other things.

He said he has not yet met with Ambassador Carlos Mladinic, the Foreign Ministry economic relations general director, to assess the state of negotiations with Mercosur. He noted, however, that recent reports state that "some progress" has been achieved in the last few days in this complex negotiation process.

Insulza remarked: "I am optimistic and believe we will be able to sign an agreement by the end of March."

As for ties with Argentina, Insulza praised the recent statement by Argentine President Carlos Menem who rejected the idea of using an arbitration court to resolve the final pending border dispute, that is, the Southern Glaciers issue.

Insulza expressed concern about the new turn that a group of Chilean legislators are trying to give to the Laguna del Desierto case by submitting objections to the demarcation work.

He said: "I am willing to discuss issues that may have come up during the demarcation process but what I am concerned about is that using the pretext of these issues, some people may try to stir up a dispute. The adoption of this sort of attitude at this stage would make us look like bad losers and as a country that does not comply with its commitments."

Insulza, who was on summer leave, resumed his official activities with a visit to Cuba. His trip to Havana was an outstanding event because it was the first trip by a Chilean foreign minister to Cuba in the last 25 years.

Insulza expressed satisfaction with the contacts he made in Havana, among which was an "unscheduled" meeting with President Fidel Castro, and numerous meetings with Cuban Foreign Minister Roberto Robaina and other cabinet members.

He highlighted the meetings between National Energy Commission Minister Alejandro Jadresic and Economy Under Secretary Angel Maulen, and those by nearly 30 Chilean businessmen who made up the Chilean entourage.

Insulza added that Chile will continue to work with Cuba throughout the year to achieve two objectives: to negotiate a commercial agreement and to hold the first joint cooperation meeting.

The two governments seek to achieve a partial commercial agreement, a term used to define commercial agreements negotiated with countries that are not members of the Latin American Integration Association (Aladi) under which concessions encompassed in these agreements are not applicable to other Aladi members.

Insulza said the idea is to have an agreement that encompasses a vast commercial liberalization process. He said that although the Cuban economy is quite depressed, it shows signs of recovery. With the arrival of foreign capital it is hoped there will be more chances of trade.

Regarding the joint cooperation commission meeting, which might be held by mid year, Insulza said that ideally it would be held during Robaina's official visit to Chile. Insulza invited Robaina to visit Chile to reciprocate the invitation extended to him by his Cuban colleague.

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The objective of this first technical meeting will be to define the different cooperation projects that may be conducted by the two countries.

Chilean Official on Plan for Trade Talks With Canada

PY1801114796 Santiago EL MERCURIO in Spanish 15 Jan 96 p C2

[FBIS Translated Text] The Chilean and Canadian Governments are preparing in Santiago to start next week negotiations for signing a temporary bilateral trade agreement, while the conditions are being established for our country to join NAFTA.

The agreement, which has the endorsement of the two other NAFTA members — the United States and Mexico — seeks to facilitate the process to get Chile to join the pact and to lessen the negative effects caused by the delay in getting the "fast track" [preceding expression given in English] approved by the U.S. administration to begin negotiations.

Juan Gabriel Valdes, the head of the negotiating team, told this newspaper that "the negotiation will follow the general guidelines of the NAFTA treaty but not completely. We will put aside some issues like the patents law, government purchases, and technical standards. We want a shorter negotiation and will leave some issues for negotiations with NAFTA."

It was initially planned that the first round of talks between Chile and Canada would start today but they were postponed for one week because Canadian experts were involved in other negotiations.

The experts of the two countries will begin negotiating between 24 and 26 January.

With this purpose, a team of Canadian experts headed by Keith Christie, chief of the Canadian team to NAFTA, will arrive in Santiago. His Chilean counterparts are Juan Gabriel Valdes and the experts who are working on NAFTA.

Valdes said three work groups will be created in the first round of talks. They will discuss the following issues: Access to the market; investments and services; and solutions to controversies, safeguards, and legal issues in general which are also included in NAFTA.

Valdes explained that one of the purposes of the agreement with Canada is to reduce Canadian tariff rates which are very high for some products, especially on goods with greater added value.

Valdes said: "The advantage will be that Chilean products will be able to enter in a much more fluid manner into the Canadian market."

Although Canada is one of the biggest investors in our country in mining and forestry, bilateral trade is still very small.

This is why it is important to agree on the liberalization of markets and this create opportunities for Chilean exports and for imports from Canada.

Valdes pointed out that a tariff reduction will benefit Chilean products because a large part of the imports from Canada are capital goods.

Valdes noted that the first meeting will serve to define the general framework of each issue to be discussed in the future agreement.

He emphasized that the preparation process for NAFTA will greatly help the bilateral talks because it will be practically unnecessary for Chileans to make further studies on the Canadian system and for the Canadians on the Chilean system.

He added: "The Chilean and Canadian teams are ready, we know the two systems and legislations, and this will facilitate the talks."

Valdes said the two parties decided to leave the most complex and sensitive issues for the negotiations with NAFTA.

Chilean President Outlines 1996 Working Plan

PY1701213196 Santiago EL MERCURIO in Spanish 13 Jan 96 pp A1, A23

["Text" of President Eduardo Frei's message to the nation over a voluntary radio and television network on 12 January from Cerro Castillo Palace in Vina del Mar; quotation marks as published]

[FBIS Translated Text] "1996 Working Plan

"This morning, at the meeting with the Cabinet Council, I approved the ministerial goals for 1996. They reflect the government commitment to modernization and change in the economic, social, and political fields. The success of the proposal will help us to begin the next century well. We are on the right path, but we need to be more decisive and efficient. The important thing is to work and resolve problems. We have been chosen to do this.

"With this objective, I told my ministers of the specific actions that will guide our working plan for 1996.

"1. Within the framework of political modernization:

"To implement the constitutional reforms I have proposed to Congress. The government will insist on this

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initiative until it is approved. I firmly believe our development requires more democracy not less, as some opposition members mistakenly think.

"As far as reconciliation is concerned, we will promote the approval of a law that helps to clarify the whereabouts of the missing-detainees. If no sufficient agreement is reached, the cases will continue at the Courts of Justice according to current laws.

"This year we hope to approve a law to strengthen municipal action, which will strengthen participation and decentralization at local level.

"Concerning modernization of the state, I have ordered measures to be expanded to improve the performance of public services. Moreover, I have ordered the reorganization of the Production Development Corporation and of the National Commission for Energy during the first semester of the year seeking to rationalize these services, reduce the number of ministries, and strengthen our productive development and economic regulations which are essential in a modern conception of the state.

"Special attention will be paid this year to the modernization of justice and, especially, of the criminal action reform intended to provide justice to the people and to more effectively protect the people's rights.

Economic Field

"2. Within the economic modernization framework:

"To rigorously maintain the macroeconomic policy administration so as to achieve the objectives of growth, investment, employment, and inflation proposed for 1996. This supposes a further opening of our economy and increasing its productivity and competitiveness.

"Special emphasis will be put this year on labor training seeking to favor 150,000 workers. The project to protect unemployed workers income or the "unemployment compensation" must be ready before June 1996, thus completing the instruments intended to produce a broad modernization of the labor law.

"I have called for a renewed effort for understanding among workers, businessmen, and the government through the Productive Forum.

"In the electricity sector, I have called for the acceleration of a ruling on the Electric Services and Rules and for the regulatory system to be strengthened. To promote greater competition and to encourage investment plans for the Colbun Company Incorporated, a strategic partner will be established. The participation of a new independent operator will yield important benefits. Among them, it will allow the assignment of resources to increase social investment which will be channeled toward education, the first priority of my government. I decided that the timetable of appropriate actions will be implemented right now so as to conclude them by the end of this year.

"3. Within the infrastructure framework:

"We will continue resolutely to develop our infrastructure through the association of private industry and the state. I have ordered the adoption of measures to conclude this year projects related to the sanitary sector, Emporchi [Port Enterprise of Chile], and highway tariffs. By March 1996 we will announce our policy for modernizing our airports, and the bill on ports will be submitted during the second half of the year.

"Once the law regulating the sanitary sector is approved we will begin to associate, using different methods, capital and private administration to these companies, while the state will focus on its regulatory tasks and on ensuring the goals of providing drinking water and sewage systems to benefit the poorest sectors. We hope to cover 100 percent of drinkable water and sewage system needs in all urban zones of the country by 2000, and 68 percent in the treatment of sewage.

"Concerning housing, community equipment, highway, and urban and inter-urban transport and communications, the government will continue to act strongly through the policy of concessions and investments of net social benefit.

Education

"4. The modernization of the education program:

This year we will invest 16 percent more to provide equal opportunities for all to have access to education, to increase the quality of the education system at all levels, to increase the school infrastructure, and promote scientific and technological development in the country.

"A pilot program to extend teaching hours in schools for poor children will be implemented.

"We will implement a special tutoring program for 500,000 students with access to subsidized education, seeking to reduce the number of children who have to repeat a year.

"Some 65 percent of all Chilean lyceums will be included in the reform process to improve the quality of the secondary education program. For this more than 20 billion pesos will be invested to increase the educational infrastructure, produce and distribute text books, make available teaching material, and set up libraries and computer systems.

"A special program, initially amounting to $5 million, will be implemented to grant scholarships for training

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abroad of Chilean teachers. Moreover, I have ordered the expansion of the program to grant scholarships for post-graduate courses abroad in order to increase the training of highly skilled professional and technical personnel. These two initiatives represent an investment in our future that we can now afford. It represents a clear sign of confidence in our professional and technical teachers and youths.

Health

"5. On the equity policy and the overcoming of extreme poverty:

"This year the health sector will invest 764 billion pesos, of which more than 50 billion pesos will be used to increase the infrastructure and equipment of hospitals and health centers. In the legislative field we should make resolute progress to modify Law No. 15076 to improve the health system's human resources, increase their output, and include new ways to encourage a better performance and new evaluation guidelines. Quality and efficiency of optional health services will be stepped up. We will invest approximately 11 billion pesos more than in 1995, to meet a greater demand, ensure broader coverage, and include new services such as specialized medical care and medical care for senior citizens. Special emphasis will be placed on improving assistance services by granting appointments, and shortening waiting hours and the waiting lists.

"In the development of the social infrastructure sector we have drafted a coherent action plan that will be closely supervised. The plan includes public works amounting to 42 billion pesos that will directly benefit those with lower income for potable water systems in rural areas, small fishing ports, roads and other facilities; the construction of at least 85,000 houses; paving with the peoples participation of 4,500 city blocks, and to regularize title deeds of 32,500 poor families. This goal is 21 percent higher than last year. Moreover, public telephones will be installed in 1,100 towns. and electricity will be supplied to 20,000 rural houses throughout the country.

"To improve the living and working standards of the poorest sectors, for the first time this year the government will grant a winter bonus to 590,000 pensioners. The single-family subsidy will be extended to 140,000 students of low-income families. I have also requested that special emphasis be placed on pre-school coverage goal for poor sectors. Consequently, an extra 10,000 children will have access to pre-school education. In the rural field, technical assistance will be granted to 54,000 small-scale farmers and credits will be issued to 72,000 of them. Support will be granted for the development of urban micro-enterprises through 17,000 credit lines and 29,000 technical assistance programs.

"6. Regarding the citizenry's safety and drug control:

"For the safety of the citizenry, the government will earmark 160 billion pesos for the Carabineros and the Investigative Police, to improve their operation capacity and acquire new equipment. I have also ordered that concrete measures be taken to expand the program to prevent delinquency at a local level.

"During the first half of this year the National Fund for the Prevention of Drug Consumption will be implemented using funds for drug prevention and rehabilitation programs. A constant drug enforcement program will be carried out.

"In sum, I can tell the country today that we have adopted an intensive working program for 1996. This is the materialization of the program we offered and of the agenda drafted at the beginning of my government. I have outlined the noteworthy points of this plan that includes many additional measures at all levels.

"As I stated at the end of last year, we need more democracy, more equity, and to do our job better and more efficiently. This is the basis of the modernization plan we are promoting. We want changes and to aspire to solidarity. We are aware that for this we need to overcome apathy and work decidedly. I urge all my aides and the public administration as a whole to make their utmost effort to implement this working plan during this year."

Colombia

CIA Director's Visit to Colombia Termed 'Supervisory'

PA1801212196 Santa Fe de Bogota EL NUEVO SIGLO in Spanish 18 Jan 96 p 6

[By Fernando Hernandez]

[FBIS Translated Text] Conservative Party President Jaime Arias Ramirez said on 17 January that Conservatives should withhold comment on the extradition issue until leading government officials and policymakers have had a chance to decide on it. These officials cannot shirk their responsibility, Arias told EL NUEVO SIGLO. The Conservative legislator said that this situation was inherited from the National Constituent Assembly and that the current administration is in charge of proposing solutions. The current administration must not try to sneak out of it, leaving it to others to decide.

The congressman also discussed the visit that CIA Director John Deutch paid a few days ago, describing it as "clearly a supervisory visit."

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Sovereign Image Tarnished

The legislator said that this visit tarnishing Colombia's image as a sovereign nation unfortunately is a symptom of the situation as it stands today. "The U.S. Administration is clearly interfering in our country's affairs, at least with regard to drug trafficking. The U.S. Government is pressuring the Colombian Government," he said.

He is skeptical that the U.S. Government will issue antidrug cooperation certification to Colombia in March, due to the fact that it is an election year in the United States and that the escape of Jose Santacruz Londono — the third leading Cali Cartel member — from La Picota Prison puts Colombia in the U.S. politicians' sights.

"Denying certification would hurt the country, despite what the government says. Some say that Colombia could be invited to join NAFTA. I ask myself: Can a country that has not been certified join NAFTA? It is not that I want to be pessimistic, but denying certification would have a disastrous effect on trade," he said.

To all of the above we must add the difficult situation through which our country is going with Venezuela. "That is why I believe it will be a difficult economic year. We must not forget that the political atmosphere affects the economy and vice versa..."

Cooperation

Another topic Arias Ramirez discussed during the interview with this newspaper was that of his party's cooperation with Ernesto Samper's administration. He said his party was never consulted on the cabinet change but merely informed of the change. "The two Conservative ministers in the government — regardless of the fact that they are excellent officials and good conservatives — are not there as official representatives of the party. The only minister who is in government on our behalf is Juan Gomez Martinez. I want to stress that we are not objecting to the two new officials. I simply want to make a few things clear."

Arias Ramirez said: We must not forget that last year a Conservative majority in parliament was in favor of the party's participation in government. "Three positions existed inside the party: We had the group of the decent, the collaborators, and the intermediate group. This year we have to wait and see how things develop."

Precisely for having waited for the development of events, the Conservative Party does not yet have the exact date for its convention.

Colombian President on Extradition to U.S.

PA1901013096 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 19 Jan 96

[From the "Seven O'Clock Newscast" newscast]

[FBIS Translated Text] After the Supreme Court of Justice president said he favors extradition, President Ernesto Samper met with all the courts today. Samper told all magistrates that the thorny subject of extradition will not be contemplated during his administration.

[Begin Samper recording] If we were to eliminate extradition, as the Constitution stipulates, and if such a measure was politically feasible, it would take us much longer than we have at our disposal according to the law to prosecute those who are already held in prison awaiting their sentences. [end recording]

This position was joined by Justice Minister Carlos Medellin, who fears that violence and terrorism could return.

[Begin Medellin recording] If discussing extradition means that there will be dead people in Colombia, then I would rather not discuss it. [end recording]

In the judicial sector, however, another voice, the High Council of the Judiciary, endorsed extradition.

[Begin High Council President Carlos Villalba recording] International treaties override the Constitution. An extradition treaty is in effect. It is the law that approved the treaty that was declared unconstitutional. [end recording]

Marked differences of opinion have thus been established. In coming meetings, the executive and the judiciary are expected to announce a final decision.

Colombia Seeks Greater International Cooperation on Drugs

PA1901041196 Madrid EFE in Spanish 0010 GMT 19 Jan 96

[FBIS Translated Text] Santa Fe de Bogota, 18 Jan (EFE) — President Ernesto Samper today affirmed that his country has the power to capture, prosecute, and sentence those, like drug traffickers, who trespass the law. Nevertheless, he demanded greater international cooperation with his administration of justice and the high security prison system.

During a meeting with delegates of the judiciary, Samper said: "We will show the international community that, despite all difficulties and threats, Colombia continues to be the country of law that many people have come to know and admire in the hemisphere."

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Samper, however, admitted that Colombia requires the international community's cooperation in "collecting legal evidence that can facilitate the investigating agencies' work" and "strengthening Colombia's high security prison system."

He accepted the international community's concerning itself over operational fissures or credibility in the administration of justice system in his country. "This is what happened to us a few days ago when a single isolated incident, the escape of a well-known drug trafficker, unleashed a disorderly torrent of criticisms, both local and international, over the operational situation of our prison system, first, and our administration of justice, later," he said.

Samper referred to Jose Santacruz Londono, the Cali Cartel's third man in the chain of command, who on 11 January escaped from a Santa Fe de Bogota prison's maximum security pavilion.

After affirming the Colombian judiciary's power to administer justice, Samper said that in his international negotiations this year he will seek "the support of Colombia's friendly countries, who are also enemies of drugs."

According to the president, his country's international image would be enhanced if it appears as what it is, a country of law and magistrates. "This is why I have said that extradition is not included on my government's agenda," he said.

Samper explained that he does not contemplate handing over Colombian citizens because the Constitution forbids it and because, should he try to eliminate this provision and should this move be politically feasible, "it would take us much longer than the time allowed us, according to the law, to prosecute those who at present are held in prison awaiting their sentences."

Colombian President on Venezuelan Raid, Rebel's Arrest

PA0901005196 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 7 Jan 96

[Report by anchor [illegible]ar and unidentified reporter in Cartagena [illegible] from the "Cripton" newscast — passages within quotation marks recorded]

[FBIS Translated Text] [Escobar] President Ernesto Samper was in Cartagena de Indias yesterday evening and he referred to two issues: German Rojas Nino's arrest and the situation with Venezuela, following the raid in Tibu.

[Unidentified reporter] "Venezuela's interference in Colombian territory does not seem to end. What will be the government's position in this opportunity?

[Samper] "As the Foreign Ministry stated in a communique issued today, upon my instructions a reconnaissance commission traveled to the zone where, I understand, Venezuelan authorities have already admitted an involuntary interference occurred. We will wait for the results of this commission's work and we will adopt a decision next week so these actions do not occur again.

[Reporter] "Are the peace talks in any danger right now, given that one of the spokesmen was arrested in Cali — Mr. [German Rojas] Nino, spokesman of the Jaime Bateman Cayon Front?"

[Samper] "I do not think so. This is an issue we are studying. My government, as the interior minister recently stated, is willing to achieve progress — not only in the peace talks with the Bateman Cayon group but also with paramilitary groups, particularly in the middle Magdalena area. The government will achieve progress in the measure these groups prove their determination to achieve peace, meaning that their determination is true. In any case, this does not mean the dialogue will replace a very active military presence, which will continue throughout the national territory."

Colombian Army Deploys Special Brigade in Perija Range

PA1801011296 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 17 Jan 96

[Report by Luis Onate Gamez in Santa Marta; from the "Colombia 12:30" newscast]

[FBIS Translated Text] Army Commander Harold Bedoya announced in Santa Marta that the Army has pressed into action a special brigade in the Perija mountain range, where certain violations by the Venezuelan National Guard have taken place.

The Colombian Army has updated its presence from sporadic to permanent on the border with Venezuela in Cesar Department, by activating a military base on El Avion hill, where Inravision's repeater operates and where a military incursion from the neighboring country recently took place.

The Cesar Department governor, who attended the 1st Division change in command ceremony, said that this reaffirms Colombian sovereignty over this mountain range and dispels any doubt to that effect.

[Begin Governor Mauricio Pinto recording] There can be no doubt that the area where the incidents took place

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is Colombian territory and not as Venezuelans cynically claim. [end recording]

Ecuador

Ecuadoran Defense Minister on Talks With Peruvians

PY1901000996 Quito Voz de Los Andes in Spanish 2300 GMT 18 Jan 96

[FBIS Translated Text] Ecuadoran Defense Minister General Alfonso Alarcon said today that the Ecuadoran Armed Forces are willing to hold talks with their Peruvian counterparts in order to consolidate the peace process between the two countries which are involved in a border dispute.

Alarcon added that military officials, from the defense minister down to the last soldier, are willing to talk with the respective Peruvian officials because it will help to facilitate the peace process.

Regarding the meeting held by Foreign Minister Galo Leoro and his Peruvian counterpart Francisco Tudela, Alarcon said that Leoro carried the spirit of all Ecuadorans, the Armed Forces, and all officials about the need to be absolutely clear regarding the purchase of weapons.

Ecuador: Electrical Workers Label Decree 'Declaration of War'

PY1801214896 Madrid EFE in Spanish 1539 GMT 18 Jan 96

[FBIS Translated Excerpt] Quito, 18 Jan (EFE) — The Ecuadoran workers of the energy sector labeled as a "declaration of war" the publication of a government decree militarizing the activities of these workers who threatened to strike if a law on the privatization of electrical plants is approved.

Fausto Dutan, leader of the United Workers Front (FUT) which gathers the majority of the country's workers, said today that President Sixto Duran-Ballen issued an "unjustified" decree which can only be promulgated when there is foreign aggression and not on internal situations when dialogue should prevail.

Dutan labeled as a "declaration of war" the state of mobilization decree that was issued yesterday after electrical workers threatened to hold a maintenance and administration strike, and to paralyze the Paute hydroelectric plant which produces 60 percent of the country's electrical energy.

The workers decided to strike to prevent Congress from approving a law allowing the sale of 39 percent of the shares of the Ecuadoran Institute of Electrification (Inecel) to the private sector and 10 percent to its workers while the states keeps 51 percent.

Lutan said: "The rational thing should be to start dialogue on the law and not allow Congress to violate the rights of the Ecuadoran people."

Lutan announced strikes by the FUT in support of the demands of the electrical workers while the workers of the oil sector said they will support the electrical workers' demands but will not paralyze their activities. [passage omitted]

Ecuadoran Army Goes Into Streets To Safeguard Order

PY1901010196 Quito Voz de Los Andes in Spanish 2300 GMT 18 Jan 96

[FBIS Translated Text] The Ecuadoran Government has ordered the Army to go into the streets to safeguard order and public service. Union leaders reported some clashes between workers and the police but that so far no injuries have been reported.

Roger Cartipulla, secretary general of the Paute hydroelectric plant workers union, said that some clashes occurred in the Esmeralda thermal station and in some subelectrical stations but that despite this situation, the workers are firm in their position.

He added: We will not take a step back in face of the measures adopted by the government and we are willing to fight until the bitter end.

The electrical workers, who are protesting over the possible approval of a controversial energy law, were staying inside the Paute dam this morning but the plant was surrounded by Army personnel. A union spokesman said that the workers would not resist and would abandon their work peacefully if the soldiers tried to take the plant. The energy bill has been rejected by the electrical workers.

'State of National Mobilization' in Ecuador Lifted

PY1801161996 Madrid EFE in Spanish 0232 GMT 18 Jan 96

[FBIS Translated Text] Quito, 17 Jan (EFE) — Ecuadoran President Sixto Duran-Ballen today ordered the lifting of the state of "national mobilization" implemented on 27 January 1995, the day after war hostilities with Peru started.

A presidential decree, which does not explain the decision, states that "the national mobilization, implemented on 27 January 1995 due to the war, is hereby lifted."

The measure is contained in a document ordering the urgent state of "mobilization" due to protests by state

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electricity enterprise workers who are against the partial privatization of the Ecuadoran electricity sector.

Ecuador and Peru engaged in a war between 26 January and 28 February 1995 in a distant Amazon region, over a territorial dispute in a zone that has no border markers.

The two countries are fully engaged in a peace process in which Argentina, Brazil, Chile, and the United States — in their capacity as guarantor countries of the 1942 Rio de Janeiro protocol — are involved. The Rio de Janeiro Protocol brought peace following the war between Ecuador and Peru in 1941, and in 1995 it was used to stop the war from spreading any further.

Peru

Peruvian Daily Criticizes U.S. Paper's Defense of Berenson

PY1701215296 Madrid EFE in Spanish 1607 GMT 17 Jan 96

[FBIS Translated Text] Lima, 17 Jan (EFE) — The influential Lima newspaper EXPRESO today accused the THE NEW YORK TIMES of "yellow journalism" on assuming the defense of U.S. terrorist Lori Berenson, who was sentenced to life imprisonment in Peru.

The U.S. newspaper, the mouthpiece of liberal U.S. political sectors, has accused Peruvian officials of having violated Berenson's right to a just trial, because she was tried under the exceptional laws against terrorism.

THE NEW YORK TIMES has also accused Peruvian President Alberto Fujimori of imposing an authoritarian regime, of keeping the court submitted, and of governing with military officers opposed to democracy.

After publishing the full text of the editorial, EXPRESO told its readers to read the opinion of the U.S. newspaper to see to what extent has reality in Peru been distorted in an effort to adapt it to a biased and demagogical position."

The Peruvian newspaper termed the editorial "...ellectually dishonest" because, in its judgement, it o...erlooks "Berenson's thorough plan to conduct an attack on Peruvian congressmen."

EXPRESO also accused the U.S. newspaper correspondent Calvin Sims of being dishonest for having said that the "Tupac Amaru Revolutionary Movement" (MRTA), to which Berenson belongs, was planning to abduct "landlords," answering that in Peru there is no large land estates, and of having collected in this country only partial opinions on the case."

EXPRESO added that the controversial editorial is unjustifiable because it was published despite the fact that the newspaper is aware of the Peruvian situation, because only "last Saturday it published two eloquent letters" on terrorism in Peru and on the Berenson case.

On the first letter, Brendan Curley said that "it would be surprising to see affection expressed in the United States toward a Peruvian who could have supplied information to the Oklahoma terrorists on the government building they were to bomb."

The second letter, written by Father James O'Leary, rejected Berenson's opinion that the MRTA is not a terrorist movement, and recalled that in July 1992, when the priest was living in the Peruvian jungle, that group "attacked Jaen, where I was working, and killed poor and innocent people, including the parents and relatives of the students from our school, Faith and Joy No. 22."

"These are the witnesses the THE NEW YORK TIMES published, but later rejected through an editorial. It went for yellow journalism, wearing progressive silk gloves," EXPRESO reported.

Ecuadoran Official Notes Progress at Lima Meeting

PY1801172096 Lima America Television Network in Spanish 1230 GMT 18 Jan 96

[Telephone interview with Ecuadoran Foreign Minister Galo Leoro by America Television announcer Federico Salazar during the Primera Edicion program on occasion of Leoro's visit to Lima — live]

[FBIS Translated Excerpt] [Salazar] Good morning Minister Leoro.

[Leoro] Good morning. It is a pleasure to greet you.

[Salazar] The pleasure is all mine, sir. The first question we would like to ask you is whether the current Ecuadoran-Peruvian negotiations within the framework of the detente process have produced any agreements?

[Leoro] By yesterday evening, when the first round of negotiations ended, we achieved great progress. It was truly a very busy meeting during which we reviewed all the points that could lead to an agreement. I would say that we have achieved notable progress on all these issues. Even though these discussions are centered on procedural matters, we have defined some differences and some agreements have been reached. Nevertheless, there are still some pending issues on which both parties must agree during discussions today. I can say that we held a very useful and fruitful meeting and that great progress has been achieved.

[Salazar] The negotiations should conclude today. Are they centered only on procedural matters...

[Leoro interrupting] ...exactly. They are centered on procedures to be implemented later in future discussions

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of basic issues. In view of this, people should not expect any agreements or understandings on Point 6 of the Itamaraty Peace Declaration. There are ways to discuss these issues at the proper time.

[Salazar] So, all steps are being adopted to achieve progress. What is the next step within the framework of these negotiations?

[Leoro] I have invited the Peruvian foreign minister to visit Quito on 22 February. He has personally indicated that this would be the most suitable date to travel to Ecuador. We plan to then hold another round of negotiations to either wrap up our current discussions or to start a new round of negotiations within the framework of this process. We should continue these talks on the basis of procedures established in those agreements that may result in a definitive solution and also all those issues that will help to strengthen our bilateral ties and promote mutual confidence. This is necessary so the proper atmosphere can prevail to develop our bilateral ties. I believe it is essential to restore an atmosphere of mutual confidence that will avoid changes, like those which in the past few weeks have in some way undermined...

[Salazar, interrupting] Are you talking about reports on the acquisition of Kfir planes?

[Leoro] We are not at all annoyed over press reports on the Kfir planes because this is a completely open transaction that was duly announced. It is the nature of the criticism and the position adopted in view of these reports that are an issue of concern.

[Salazar] What I mean is that you have mentioned this issue as one of the points...

[Leoro, interrupting] Well, this is obviously one of the many issues that has caused controversy because it was alleged that we were involved in an arms race and things of the sort. Reports in Lima greatly exaggerated the issue which acquired characteristics that were neither in keeping with the truth nor the process of rapprochement. Nevertheless, I believe we are overcoming all these problems. [passage omitted]

[Salazar] Have you and Foreign Minister Tudela agreed on how to handle this issue through the media?

[Leoro] These are secret meetings. A report will certainly be issued although no definitive conclusion may be reached. We have made quite a lot of progress although there are still some pending issues to be discussed. We have obviously centered our discussions on the more important issues, although this does not mean pending issues are less important. Nevertheless, we agreed on some issues.

If we finish discussing these issues today, we will have achieved a basic agreement. I must add, however, that we still need to discuss the texts. We have achieved an agreement on the concept but we need to draft a definitive text reflecting the agreements achieved on the issues we have discussed. [passage omitted]

Peru: Tudela-Leoro Talks Enter 'Point of Stagnation'

PY1801193596 Madrid EFE in Spanish 1739 GMT 18 Jan 96

[FBIS Translated Text] Lima, 18 Jan (EFE) — Sources of the Peruvian Foreign Ministry reported today that the signing of a joint declaration by Peruvian Foreign Minister Francisco Tudela and his Ecuadoran counterpart Galo Leoro scheduled for today is in doubt because the talks reportedly entered "a point of stagnation."

The same sources indicated that during the three-hour meeting held yesterday between Tudela and Leoro, no draft declaration for later revision was approved.

The bilateral talks that conclude today began at 1130 (1630 GMT). An agenda was to be drawn for future bilateral talks to try to solve the "subsistent impasse" or disagreements on the implementation of the 1942 Rio de Janeiro Protocol that established the boundaries between Peru and Ecuador.

Peru: Tudela-Leoro Talks Conclude; Next Meeting on 22 Feb

PY1801222496 Lima Radio Programas del Peru Network in Spanish 2150 GMT 18 Jan 96

[FBIS Translated Text] The first round of talks between Peruvian Foreign Minister Francisco Tudela and his Ecuadoran counterpart Galo Leoro concluded in Lima this afternoon.

Tudela and Leoro promised to continue the peace process and decided that the second round of negotiations will be held 22-23 February in Quito. The two foreign ministers said they were satisfied with their talks in Lima.

Peru Releases Further Details on Tudela-Leoro Talks

PY1801233796 Madrid EFE in Spanish 2226 GMT 18 Jan 96

[FBIS Translated Text] Lima, 18 Jan (EFE) — Ecuador and Peru decided today to continue the peace talks that began on 17 January in Lima and to postpone for the next meeting the approval of the mechanisms and procedures that will guide the negotiations.

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Peruvian Foreign Minister Francisco Tudela and his Ecuadoran counterpart Galo Leoro also decided to hold the next meeting in Quito on 22 and 23 February to approve the procedures. They also decided that the future peace talks will be held in Brasilia.

Leoro and Tudela also approved the structure of the delegations, the role of the guarantor countries of the Rio de Janeiro Protocol in the talks, the confidential nature of the talks, and to extend the presence of the military observers at the Ecuadoran-Peruvian border.

The issue that was left to be defined by each country is a list of what they consider the "subsistent impasse," which is impeding friendly relations between the two countries and the application of the Rio de Janeiro Protocol, which established the boundaries between the two countries, and that was signed and ratified by Ecuador and Peru in 1942.

The meeting was considered historic because the two countries decided to hold talks after 53 years on a border conflict that led to at least three undeclared wars.

During the talks, Peru also presented to Ecuador and to the representatives of the guarantor countries (Argentina, Brazil, Chile, and the United States) a proposal to prevent a possible arms race between the two countries.

The communique released after the talks says: "It is a proposal aimed at the common purpose of contributing to the development of trust in the military field."

The communique also says that the two foreign ministers are "convinced" that "reaching a final solution to the problems between the two countries is essential for peace, and the well-being of the Peruvian and Ecuadoran people, and for Latin American unity."

At the conclusion of the meeting, Tudela and Leoro said they were satisfied with the results of the talks.

Tudela termed the talks of the last two days a "optimistic and promising for a process which we hope will conclude in Quito next February."

Tudela added: "The talks served to define very important points for the negotiations to be held on the basic problems."

Leoro noted that "how to negotiate" is a point that will not be discussed in the Quito meeting and that the negotiations will begin when "an adequate environment for carrying out the talks is found in the two countries."

Leoro also disclosed that the two countries will state their points of view on what they interpret as the "impasse" affecting their relations.

Leoro added: "For Peru, this is a problem of demarcation but for us, in addition to that, it is a problem of delimitation."

The talks that concluded today were held within the framework of the Itamaraty Peace Declaration that was signed in Brazil in 1995, putting an end to the undeclared war between Ecuador and Peru from 26 January to 28 February of last year.

The two countries promised to find a definitive solution to the border problems of the last 53 years, problems which are termed "subsistent impasse."

Peruvian Communique on Talks With Ecuador Released

PY1901025496 Lima America Television Network in Spanish 0100 GMT 19 Jan 96

[FBIS Translated Text] The first round of talks between Peruvian Foreign Minister Francisco Tudela and his Ecuadoran counterpart Galo Leoro concluded today after a closed-door five-hour meeting in the Peruvian Foreign Ministry.

At the conclusion of the meeting, the two foreign ministers released a communique indicating that important points have been defined for making progress in the negotiations and that the talks will continue in Quito on 22 and 23 February.

The last meeting of the foreign ministers ended after a closed-door five—hour meeting in the Peruvian Foreign Ministry. The conclusion of this meeting closed the first chapter of the previous process for establishing the procedures to be followed to discuss Point 6 of the Itamaraty Peace Declaration related to the solution of the subsistent impasse. At the conclusion of the meeting, the reporters received an official communique of the Peruvian Foreign Ministry. The text of the communique says:

Foreign Ministry Communique

As a result of the meeting, an agreement was reached on the continuity of the peace process, the site of the talks, the structure of the delegations, the privacy of the talks, the role of the guarantor countries, and the need to extend the operation of the MOMEP [Ecuador-Peru Military Observers Mission].

The foreign ministers of Ecuador and Peru expressed their satisfaction for the high degree of progress made. The negotiations will continue in Quito on 22 and 23 February 1996. The ministers expressed their confidence that reaching a definitive solution on the problems between the two countries is essential for peace, and

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the well-being of the Peruvian and Ecuadoran people and for Latin American unity.

The Peruvian foreign minister presented to the Ecuadoran foreign minister and to the representatives of the guarantor countries, a proposal aimed at the common purpose of contributing to the development of trust in the military field.

The two ministers expressed their high appreciation for the willingness of the guarantor countries to participate actively in the process for solving the subsistent impasse between the two countries.

Minister Galo Leoro expressed his appreciation to the Peruvian Government for the attention and courtesy he received.

[Date] Lima, 18 January 1996.

President Outlines Peru's Economic Policy for 1996

PY0901022096 Lima LA REPUBLICA in Spanish 31 Dec 95 pp 2-3

[FBIS Translated Text] President Alberto Fujimori on 30 December categorically said that in 1996 local entrepreneurs will have no privileges, such as a better exchange rate, tax reductions, or tax exemptions like the Fonavi [National Housing Fund] contribution or the general sales tax (IGV).

The president also announced that retirement allowances will be slightly increased. He made a categorical statement regarding the possibility of salary increases for other sectors.

"The government is not working only for entrepreneurs, but for the country as a whole. That is why everyone should do his own share by paying taxes," he said.

He explained that if the state has to levy taxes, it will do it one way or the other, and entrepreneurs will have to pay them. If they violate market rules — as happened with the arrangement on bread prices — drastic sanctions will be imposed on those responsible.

The president said that "there will be no untouchable entrepreneurs. Everyone must comply with the law, with market rules, and must pay taxes, like Fonavi, IGV, the minimum income tax, and so forth."

He added that the government wants to promote national industry. "The point is that some entrepreneurs were used to entering Government Palace to obtain some privileges. That is mercantilism," he noted.

"The economic policy will remain unchanged, with small adjustments to make it more efficient. There will be no changes like the ones that are being mentioned in speculations, like reduction of the IGV, elimination of the selective consumption tax, the minimum income tax, Fonavi contributions, and the 2 percent tax on assets," he emphatically asserted.

Concerning the remarks by Eduardo Farah, president of the National Industrial Society, on the high unemployment rate despite the fact that taxes are being paid, the president acknowledged that the rate is still high. However, he categorically ruled out the possibility of reducing taxes.

As for the possible adoption of an exchange rate regulatory policy, he said that any adjustment would fuel inflation.

Even though he did not admit that there is an exchange rate lag, Fujimori noted that the exchange rate should not be tied to other factors.

On making an evaluation of sorts of the first five months of his second term, the president justified the lack of jobs by saying that Peru is experiencing a socioeconomic reconstruction process.

"I admit that this is a difficult problem, yet it is not a consequence of the model adopted by the government. The facts of the matter are that we are experiencing a gradual process in which employment cannot be increased magically," he said.

As for the privatization of state-run enterprises, Fujimori announced that it will resume its accelerated rate, following a timetable designed for 1996 by Energy and Mines Minister Amado Yataco, who is also the president of COPRI [Commission for Promotion of Private Investment].

The process will be resumed with the privatization of some Petroperu [State Petroleum Agency] facilities, like La Pampilla refinery.

As for privatization of Sedapal [National Potable Water and Sewage Service], the president said that the Council of Ministers will decide in 1997 whether to sell this enterprise.

Fujimori reported that privatization this year yielded $1.15 billion.

He added that he is still evaluating the work by his ministers, and by police and military authorities.

Concerning the drug enforcement strategy, the president said that it is now in the hands of police, because the illegal trafficking of drugs is a crime that must be repressed by the National Police and not by the Army.

He added that military forces will be gradually withdrawn from coca growing areas, but a small contingent will be maintained in Upper Huallaga.

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The president remarked that following the delegation of legislative powers, the executive branch will establish an information system to capture drug trafficking bosses on the basis of the information provided by arrested low-level traffickers, in return for a pardon for their crimes or a reduction of their sentences.

Fujimori announced that a minimum pension will be established for all retired workers, especially those earning 30 or 40 soles per month.

He explained that this increase will come into force as of March or April 1996, ruling out the possibility of salary increases for other sectors, unless the Treasury has funds for such a purpose.

Peru's Fujimori Greets Diplomats, Notes Fight on Poverty

PY1001162096 Lima America Television Network in Spanish 0100 GMT 10 Jan 96

[FBIS Translated Text] President Alberto Fujimori received at noon today the protocol New Year greeting of the diplomatic corps accredited in our country. Cardinal Augusto Vargas Alzamora, and representatives of international organizations, and high public officials also greeted the president.

[Begin recording] [Unidentified reporter] This protocol meeting is usually held at the end of each year. But due to the many activities of President Fujimori, the meeting was postponed until today. The greeting by the diplomatic corps and representatives of international organizations was held in the Golden Hall of Government House. President Fujimori delivered a speech stating his appreciation for the support he received in 1995. He also expressed his government's commitment to continue working in the fight against poverty and that progress and peace prevail this year. He also noted the our country is profoundly dedicated to peace.

[Fujimori] We are building a country in peace, a country can only be built in peace. Peru is an example of it. Violence and destruction prevailed in our country for the last 10 years. This is coming to an end and we are now concentrating our efforts in building the future. The world is changing and we want to be a part of this changing world. We see this change as a result of peace and not war.

[Reporter] High representatives of the Catholic Church headed by Cardinal Augusto Vargas Alzamora, cabinet ministers, congressmen, and other public officials also greeted the president. [end recording]

Peru's Fujimori Calls For Andean Group Summit in March

PY1001181096 Lima EXPRESO in Spanish 5 Jan 96 p A6

[FBIS Translated Excerpt] The Foreign Ministry reported yesterday that President Alberto Fujimori has invited the presidents of Bolivia, Colombia, Ecuador, and Venezuela to the upcoming Andean Group (Gran) Summit to be held in Trujillo 8-10 March this year.

The Foreign Ministry official communique also says that President Fujimori invited Panamanian President Guillermo Perez Balladares to attend the summit as an observer. President Fujimori also invited the Panamanian Foreign Ministry to attend the meeting of foreign ministers of the five Gran countries to be held on 5 and 6 January and on 7 and 8 January [as published], also in Trujillo.

The subregional summit will also be the framework for the official visit of Ecuadoran President Sixto Duran-Ballen to our country. This will be the second time since May 1990 that an Ecuadoran president comes to Peru. This happened when Rodrigo Borja Cevallos attended the presidential meeting of the Andean countries held in Cusco.

President Duran-Ballen's presence in Trujillo will also be an opportunity for the Ecuadoran and Peruvian presidents to approve the agenda being prepared by the foreign ministers of the two countries in relation to Point 6 of the Itamaraty Peace Declaration on the "subsistent impasse" issue. For this purpose, Peruvian Foreign Minister Francisco Tudela and his Ecuadoran counterpart Galo Leoro will meet in Lima on 16 January. [passage omitted]

Peru Lodges Official Protest With Chile on Paving Work

PY0901012696 Lima EL COMERCIO in Spanish 3 Jan 96 p A1

[FBIS Translated Text] Last night the Peruvian Foreign Ministry issued an official communique in which it states that the Peruvian Government has lodged its most energetic protest with the Chilean Government over the paving work illegally started in a portion of Peruvian property called "El Chinchorro" within the Chilean city of Arica and demands the immediate halting of the project.

The document issued by the Foreign Ministry Press Directorate states:

Official Communique No. 02

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The Foreign Ministry hereby informs the public that today it summoned the acting Peruvian charge d'affaires in Chile and instructed the Peruvian ambassador in Chile to deliver to the Chilean Government a note of protest over the fact that Chile started to pave a sector of land called "El Chinchorro" that belongs to the Peruvian Government. The text of the note reads:

The Foreign Ministry has the pleasure of addressing the honorable Chilean Embassy to inform it that the Peruvian Government learned, on 2 January, about the sudden beginning of paving work in a sector of the Pan-American Highway that crosses a piece of property belonging to the Peruvian Government called "El Chinchorro," in the city of Arica.

The Peruvian Foreign Ministry hereby energetically protests a decision taken by the municipality of Arica that was not duly reported and that violates the very property rights consecrated in Chilean law.

The Peruvian Foreign Ministry hereby demands the immediate halting of the work begun, to await the court ruling regarding the lawsuit filed today before the Arica appellate court by our consul in that city. In the belief that our two governments maintain unchanged a serious and responsible commitment to solve, within the corresponding legal framework, all the pending neighborly issues, the Peruvian Government requests that the constitutional guarantees contained in the laws of the Republic of Chile be respected.

The Foreign Ministry hereby wishes to reiterate its high esteem for the Chilean Embassy.

Peruvian Government Submits New Arica Proposal to Chile

PY0901020996 Lima EL COMERCIO in Spanish 5 Jan 96 p A5

[FBIS Translated Excerpt] The Peruvian proposal submitted by Foreign Minister Francisco Tudela to the Government of Chile through its ambassador to Lima states that the rules and the material set of establishments and zones of Arica earmarked for the service of our country must be established with precision, so that they may be given and received with no doubts whatsoever concerning the rights of the parties.

It adds that points of the 1929 treaty which are still pending do not involve border issues, thus establishing that this treaty represents the only and definite legal instrument by which both states ended the situation generated by the Pacific War.

In this manner the Peruvian proposal clears away any doubts regarding the matter and adds that the points to be discussed are secondary, although important, aspects of a border treaty which must not be modified or minimized.

Another aspect refers to a modern interpretation of what free transit means, because not only must the railways be delimited, since this means of transport has lost significance, but also the highway traffic from the buildings and zones at the service of Peru to and from Peruvian territory.

According to the Peruvian document, the economic feasibility of the northern dock would be reduced if free transit does not include this mode of transport, as trade activity to and from the modern ports is conducted through trucks that transport containers adapted to current methods of maritime cargo.

It proposes that the northern dock, the railroad station, and the Customs Office building be part of an operational unity under the same legal system, in which the cargo in transit to and from Peru is under the jurisdiction and competence of the Peruvian customs officials, without detriment to the sovereign attributions of Chile concerning foreign control of such cargo.

The Tacna Railroad Station, which belongs to Peru and is not linked to the 1929 Treaty, is considered by our country to be a particular problem.

It is appropriate to recall that the Lima Conventions and their supplementary notes have established the exchange of the old Peruvian station for the new one built by Peru. Even though the Conventions were not ratified, which made their implementation impossible, officials from the port of Arica decided to build a brick wall between both stations and to take out the rails of the railroad from the old station, which presumably would affect the right of way in favor of Peru in those areas. It is for this reason that Peru expresses in its proposal its willingness to consider the alternatives that the Chilean Government might propose to solve this problem harmoniously.

Another Peruvian proposal says that, at its own cost and with the consent of Chile, Peru could improve the northern dock to adapt it to modern maritime transport, just as it could also prepare it to receive larger ships.

The reason behind the request for Chilean consent is based on the fact that Chile is the owner of the dock, which it places at the service of Peru under the conditions existing on the day of the delivery. For this reason, any improvement would have to be paid by Peru.

As can be recalled, Peru promised, in July 1995, when Chilean President Eduardo Frei was present for the inauguration ceremony, to submit a proposal at the end of that year. [passage omitted]

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Peruvian Foreign Minister Explains New Proposal to Chile

PY0901132196 Lima America Television Network in Spanish 0100 GMT 9 Jan 96

[FBIS Translated Text] Peruvian Foreign Minister Francisco Tudela said today that the proposal submitted by the Peruvian Government to Chile refers to basic issues of the 1929 treaty, therefore it is expected that the Chilean Government will study it carefully to avoid reaching hasty conclusions. Tudela made this comment after signing an economic cooperation agreement of about $11 million with the Japanese Government.

[Begin Tudela recording] We are not involved in something similar to the Laguna del Desierto or the continental glaciers cases. This is a situation where the border is recognized, there have been no territorial problems since 1929. This case involves a secondary issue related to the use of some facilities that Chile built [words indistinct]. Therefore, this issue should not be blown out of proportion by giving it the status of a territorial problem because it does not have that value.

First of all, it is a secondary issue; there are no territorial problems. Second, all the bilateral relations, the economic, cultural, and other relations are excellent, and they will not change because we are going to discuss the administrative regulation of a dock, a small railroad station, and a customs office which is a warehouse that has a wall made up of tinplate. Therefore, this issue should not be blown out of proportion.

In its proposal the Peruvian Government invites the Chilean Government to negotiate. Therefore, the proposal can be partially accepted or rejected but this is something that must be decided in the negotiations. I believe it is unwise to make a judgement ahead of time and to close the path to negotiations. Peru wants to negotiate the pending aspects of the 1929 Lima Treaty because that treaty was signed and then ratified by the Congress of the two countries. Therefore, this is an instrument in force that regulates the relations between the two countries. [end recording]

Peru's Plans To Purchase Obsolete Soviet Weapons Criticized

PY1701225896 Lima LA REPUBLICA in Spanish 7 Jan 96 p 4

[Commentary by Roberto Ochoa B: "To Break the Equilibrium"]

[FBIS Translated Text] It is a diplomatic axiom that any border conflict is decided by the country with more war power. Just by looking at the map anyone can confirm that almost all territorial disputes have been decided by fire power.

Ecuadoran strategists have acknowledged this situation. Now that they have acquired a fleet of Kfir planes, the only way to deal with them is to purchase more, better, and more powerful planes and to sit down again at the negotiating table.

The Peruvian Air Force [FAP] has not renewed its arsenal since 1981. With the exception of the Mirage 2,000, it bases its entire war potential on the once-powerful Sukhoi, one of which was downed during the Cenepa conflict.

We are all aware that [former Defense Minister] Victor Malca is making all the contacts to renew the FAP fleet with new Sukhoi and perhaps with some second-hand and even third-hand MiG 19 planes that are being negotiated with Belarus (the same that flopped in the invasion of Chechnya). We are also aware that this acquisition is not approved by the FAP staff. Why continue to rely on the badly deteriorated arsenal of the former USSR?

General Victor Malca owes us an answer but he should be aware that right now anyone can acquire the best air force equipment available in the international market.

There are those who feel offended because the United States, a Rio de Janeiro Protocol guarantor country, endorsed the sale of engines for the Israeli-manufactured Kfir planes acquired by the Ecuadoran Air Force.

But it suffices to say that it is the "democrat and progressive" Clinton administration that has flooded the international arms market by increasing 134 percent of its sales in comparison to the "reactionary" Republican administrations of Ronald Reagan and George Bush.

A yankee [preceding word in English] arms dealer has acknowledged that "the people may criticize this situation but the guns sales are a source for jobs. Furthermore, it helps to maintain our industrial base. In a Machiavellian world, this gives us power and influence in our international relations."

Months prior to the Cenepa conflict, the White House authorized the sale to Ecuador of four Bell-206 Sea Ranger helicopters; one dozen Beechcraft Super King Air planes; Datotex cryptographic equipment (used to decipher secret enemy messages), and 12,000 combat gear equipment. This is in addition to the millions spent to purchase weapons from Germany, Slovakia, Colombia, Argentina, China, Chile, the Ukraine, and Israel.

In 1995, the United States sold several diesel submarines to Egypt ($350 million each), 700 M-60 tanks and 1,500

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machine guns. In addition, it sold Israel 15 F-15 fighter bombers and 16 CH-53 helicopters.

Moreover, Mexico bought 50,000 M-1 rifles from the yankees [preceding word in English]. Greece acquired 80 A-7 and F-4 combat planes and 700 M-60 tanks, while Turkey purchased 28 Ah-1 helicopters, 800 M-60 tanks, and 100 armored vehicles...this in spite of the fact that Turkey and Greece are enemies since the time of the kidnapping of the beautiful Helen which unleashed the Trojan War.

In line with its principle of being the leading world arms dealer, the United States is enforcing new commercial tactics to increase its imperial influence. It grants international credits and issues subcontracts on a large scale: The ROK last year acquired 120 F-16 planes (which are almost a U.S. Air Force symbol). These, however, were manufactured by the San-Sung airspace hangars in Seoul. Indonesia acquired 300 second-hand planes, while Morocco and the Philippines also acquired 300 planes each. These sales totalled $2 billion and with this amount the gringos can purchase 75 brand new F-16s.

In view of this, it is worthy to ponder who is acquiring old planes from Belarus nowadays? The categorical response is: No one. It suffices to say that Cuba and Nicaragua are willing to do anything to get rid of their obsolete Soviet weapons...nevertheless, there are those who contend that there are some in the Defense Ministry who are also willing to acquire this scrap.

Venezuela

Venezuelan Foreign Minister Refuses To Attend Border Talks

PA1801165696 Caracas Venezolana de Television Network in Spanish 1545 GMT 18 Jan 96

[From "The News" newscast]

[FBIS Translated Text] Foreign Minister Miguel Angel Burelli Rivas has paid heartfelt homage at Yellow House [Foreign Ministry] to former Foreign Minister Aristides Calvani, a most brilliant statesmen and former foreign minister, who died recently. Burelli Rivas raised the delicate issue of Colombian-Venezuelan relations, saying that our country may not participate in the border meetings. Fernando Porte reports:

[Begin recording] [Porte] The foreign minister maintains that he will not attend the Colombian-Venezuelan border summit scheduled for February. The Venezuelan Government made its decision after learning from a foreign news agency report that Colombian Minister Rodrigo Pardo had refused the apologies of Dr. Rafael Caldera's government concerning a Venezuelan military incident — a legitimate act of defense — in the border area. The incident took place near Tibu, Norte de Santander Department, on 28 December.

[Burelli Rivas] I will definitely not attend this summit, unless he recants his statements.

[Correspondent] So, this could be resolved?

[Burelli Rivas] There is always a possibility. Only the meeting of the two defense ministers stands for the time being. [end recording]

The foreign minister confirmed the construction of more border markers in the area beginning 15 March, as had been planned.

Venezuelan Foreign Minister Discusses Border Incidents

PA1001160896 Caracas Venezolana de Television Network in Spanish 0200 GMT 9 Jan 96

[Report by Melissa Soto; from "The News" newscast]

[FBIS Translated Text] During a news conference to announce Venezuela's foreign policy programs and initiatives for 1996, Foreign Ministr Miguel Angel Burelli Rivas noted that the actions that have been conducted with the neighboring country will continue along the same lines, since incidents such as the ones that have been made public lately take place more commonly than people imagine on the 2,219-km-long common border.

[Begin Burelli recording] On a border where guerrillas who are financed by drug trafficking are constantly active, their mission, their work is to harass us. There will be many incidents, but the important thing is that we handle them the way we do. The governments and armed forces of the two countries understand very clearly that fighting the common enemy is a shared responsibility. We will continue to do that. Colombia or Venezuela are not to blame. They are the enemies of Colombia and Venezuela, and Colombia and Venezuela will fight them wherever they cause an incident. [end recording] Burelli Rivas also announced that in February a new meeting between border commissions will be held in Bucaramanga, Colombia.

[Begin Burelli recording] Before the latest incident was known, we had agreed with Colombia that instead of holding a presidential summit we would have a high-level meeting between the border commission, the defense and foreign relations ministers, and the governors from the two border areas. The meeting will be held in Bucaramanga on 23 February or thereabouts. We will take advantage of it to take away the feeling of

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novelty whenever any of these incidents happen. [end recording]

On another matter, the foreign minister announced that during this week's visit by Peruvian President Alberto Fujimori three agreements will be signed that are specifically related to commercial cooperation, cultural matters, and penal sentences.

Venezuela Willing To Clarify Border Incidents

PA0901012296 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 8 Jan 96

[From the "AM/PM Newscast"]

[FBIS Translated Text] Venezuela has no official report of the Colombian Government's decision to recall its ambassador if this is deemed necessary by the commission that is investigating the most recent violation of the common border.

In Caracas, Venezuelan Deputy Foreign Minister Milos Alcalay today discussed the Colombian Foreign Ministry's communique reporting on the visit of a commission created to establish and clarify the most recent incidents at the border.

[Begin Alcalay recording] We have received no report either through the Venezuelan Embassy in Colombia, through the Colombian Embassy in Venezuela, or any of the direct mechanisms that the two Foreign Ministries have. As soon as we receive such a communication, we will be willing to carry out any pertinent measures. [end recording]

The relations between the two countries have been affected by the constant incidents at the border. Venezuela is willing to clarify the situation. According to the results, Colombian Ambassador Francisco Posada de la Pena would be recalled to Santa Fe de Bogota for a serious assessment of the situation.

Peruvian President Visits Venezuela

PA1601014496 Caracas Venezolana de Television Network in Spanish 0200 GMT 11 Jan 96

[Report by Jose Antonetti, Pedro Prado, and Zaida Pereira from "The News" newscast — passages within quotation marks recorded]

[FBIS Translated Text] [Antonetti] On his fourth visit since his election in 1990, Peruvian President Alberto Fujimori arrived at the Generalissimo Francisco de Miranda Air Base the afternoon of 10 January. Venezuelan President Rafael Caldera greeted him while he was received with a 21-gun salute that is part of military protocol. The two leaders made brief statements:

[Caldera] "Welcome to Venezuela. We are very pleased to have you among us again, because the affection and solidarity existing between your people and this people of Bolivar and of Sucre is an indissoluble link through times and circumstances.

[Fujimori] "By invitation of the most excellent president of the Republic of Venezuela, I came to have direct contact with your government for several purposes; obviously, one of them is to strengthen the brotherhood between our two peoples, to find more consensus regarding our common interests and our bilateral relation, but mainly to relaunch our already traditional historical ties."

[Antonetti] Peruvian President Alberto Fujimori will meet on several occasions with his Venezuelan counterpart and representatives of the political and business worlds. He will accompany Rafael Caldera to Carabobo State to inaugurate the Lucio Baldo Soules Water Treatment Plant and will sign five economic, cultural, and penal agreements to consolidate ties between the two nations.

Once the protocol welcome ceremony was over, Peruvian President Alberto Fujimori headed for the National Pantheon to lay a wreath at the tomb of liberator Simon Bolivar, and he held a news conference afterward. Pedro Prado has the details.

[Prado] After his meeting with President Caldera at Miraflores Palace, Peruvian President Alberto Fujimori offered a news conference at the Military Circle. He commented on various issues, and economic matters were not the exception. For example, regarding the negotiations with multilateral organizations, he said the IMF does not impose conditions:

[Fujimori] "It is the sovereign country that decides whether we maintain fiscal balance. As far as Peru is concerned, those decisions are all sovereign ones. The IMF is not the quote, ogre, unquote that decides what measures the government adopts."

[Prado] Alberto Fujimori reaffirmed that this visit to Venezuela will help consolidate Peru's aspiration to strengthen the Andean Pact by making commercial exchange the most effective tool for integration:

[Fujimori] "We will continue this bilateral negotiation to integrate ourselves increasingly more as each country progresses in its efforts to achieve economic harmony."

[Prado] The president of the Republic of Peru, Alberto Fujimori, said commerce and investments must be increased within the Andean Pact, especially manufactured goods. His activities did not end with this

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news conference at the Military Circle, however. Zaida Pereira has the details:

[Pereira] President Fujimori's official activities started at the National Pantheon, where his fellow citizens greeted him. Surrounded by Interior Minister Ramon Escovar Salom and Foreign Minister Miguel Angel Burelli Rivas, Fujimori was saluted by the Peruvian community in our country. Afterward, before the Honor Guard, he laid a wreath on the tomb of our founding father and listened to the anthems of his country and of Venezuela. He signed the book of illustrious visitors. On the way out, Fujimori broke from protocol when he approached his fellow citizens to greet them. At the Caracas mayor's office, Mayor Antonio Ledezma handed Alberto Fujimori the keys to the city and a resolution declaring him illustrious son of Caracas:

[Ledezma] "Thinking of Bolivar, a man who defended justice, liberty, and democracy, which was, fortunately, restored with your reelection as president of Peru, we declare you honorary guest of our city, a city such as Caracas, which has much affinity with the city of Lima, your dear Lima, capital of the Republic of Peru."

[Pereira] President Fujimori's activities will center in Carabobo State on 11 January. Very early, he will attend a ceremony to inaugurate the Lucio Baldo Soules Water Treatment Plant that will be attended by Enrique Iglesias, president of the Inter-American Development Bank. He will meet later with the governor of Carabobo State and will visit Carabobo Field.

Peru's President on IMF, Relations With Venezuela

PA1601014896 Caracas EL UNIVERSAL in Spanish 11 Jan 96 p 1-8

[FBIS Translated Text] Caracas — Regarding his government's economic program, Peruvian President Alberto Fujimori said the IMF has not been "an ogre that imposes measures" but, rather, an organization that has supported the policies the country has decided to implement in an sovereign manner.

The Peruvian president, who began an official three-day visit yesterday, took particular care not to present his experience as a model to be followed by Venezuela, saying "each government must face the peculiarities of its own country."

During a news conference he hosted at the Military Circle last night, Fujimori voiced his conviction that the Venezuelan Government and people are making great efforts to overcome their problems and hoped that the objective will be achieved.

"I have to clarify something. The IMF does not impose conditions. The country is the one that sovereignly decides to maintain a fiscal balance, to open its markets, to promote investments, to try to stabilize the economy, to maintain a low inflation rate, to achieve growth, and to funnel major amounts for social investments. The IMF is not the ogre, quote, unquote, that decides the measures the government adopts; instead, we have received its support to hold the negotiations on the Brady Plan and the Paris Club. I believe our measures, which entail austerity, sacrifice, and temporarily negative reactions, will have a positive balance for the country. We have experienced this in these past five years. A climate of economic confidence exists, and this is in part due to the fact that the IMF and other multilateral financial institutions support Peru's economic actions."

[EL UNIVERSAL] What would you advise President Rafael Caldera to resolve Venezuela's economic crisis?

[Fujimori] President Caldera's government is taking the appropriate measures for Venezuela's economic conditions. Let us not forget that every recovery is a process. Peru's case was highly unique, because we had an unimaginable, accumulated crisis, ranging from the need for decency in politics, a social crisis, and hyperinflation, to the foreign debt. That situation compelled us to take drastic measures which were sometimes described as authoritarian but which deep down put the house in order. This discipline is what can be seen in the country. We are obtaining good results as a result of that orientation. I am certain Venezuela will continue with the objectives of achieving stability and growth, as the brother people of Venezuela have always done.

He said the process of negotiation of the Peruvian foreign debt within the framework of the Brady Plan remains successful, although he warned it is still going to take some months, because the country's creditors total about 250 international private banks.

Bilateral Relations

The Peruvian president was asked about the specific objectives on bilateral terms of his visit. In this regard, he said he is seeking to increase the ties between Peru and Venezuela, following the breaks diplomatic relations have experienced. "Regarding reciprocal investments, we are going to sign an agreement to strengthen our presence in the Venezuelan market in those areas in which we have a prevalent position, such as in the mining industry and maritime products. In addition, the idea is to reinforce the presence of Venezuelan aluminum and oil byproduct industries. One would have to insist on the area of promoting and trading more elaborate products, and the companies of the two countries are going to continue along that path," he said.

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Andean Pact

Fujimori said that in his first meeting with President Caldera, held at Miraflores yesterday, they discussed "the potential and future" of the Andean Pact and the optimism with which Peru views its development, after having rejoined the organization

[EL UNIVERSAL] Does your government have the political commitment to fully rejoin the Andean Pact, or will it continue the policy of preferring bilateral negotiations?

[Fujimori] Peru's reincorporation into the Andean Pact and the holding of an Andean Summit in Trujillo (north of Lima) is a demonstration of the consolidation of this pact and Peru's political commitment to continue as a full member to strengthen it.

Although it is being said that Peru has not been fully participating in the free trade region, it is worthwhile to note, for example, regarding Venezuela, that 90 percent of the trade exchange is now fully unhampered by customs taxes, with a deficit against Peru amounting to $70 million due to noteworthy growth our economy has had. Peru's reincorporation is an all-out issue. In practice, we have had major progress in free trade zone participation. We intend to continue with bilateral negotiations in order to integrate inasmuch as progress is made in ensuring each country's economic harmony.

The Internal Situation

Fujimori was also asked about the current political situation in his country, such as the recent resignation of three of his ministers shortly prior to his trip.

"Personal reasons prompted the resignation of the defense minister and the two others. We should keep in mind that the defense minister was in office for 30 months. He will occupy another position within our government," he said.

He said the economy minister will continue as a member of the executive team, "following up with the Brady Plan and Paris Club negotiations."

[EL UNIVERSAL] What is the situation regarding the recent purchase by Ecuador of Kfir aircraft?

[Fujimori] Peru's position on the issue is clear. We are conducting a dialogue within the framework of the Itamaraty Peace Declaration which, at the same time, is inscribed in the Rio de Janiero Protocol. Peru has not denounced the Republic of Ecuador's purchase of those aircraft. What the Peruvian Government has requested is coherence from one of the countries acting as a guarantor so that the dialogue process can take place with greater normalcy within the same climate of distension under which it is taking place. On 6 October 1995, both countries signed an agreement with a view to preventing the risk of an arms race. Let us not forget that the arms race is exactly what has caused a great, black hole in several Latin American countries. Those funds used to purchase weapons should have been used instead for social development. The purchase of the Kfir aircraft should not cloud this dialogue. Peru has all the willingness to continue; thus, we intend to receive Foreign Minister Galo Leoro in January and President Sixto Duran-Ballen in March.

Venezuela, Peru Sign 4 Cooperation Agreements

PA1301195596 Caracas Venezolana de Television Network in Spanish 0200 GMT 13 Jan 96

[Report by Pedro Prado; from "The News" newscast]

[FBIS Translated Text] Latin American countries need to take urgent steps toward the achievement of regional integration, one of the dreams of our liberator, Simon Bolivar.

Such is the dream of Venezuelan President Rafael Caldera and Peruvian President Alberto Fujimori, who promised to work for the reform and strengthening of the Andean region's integration.

During the final day of his visit, the Peruvian president held a meeting with President Caldera in Miraflores Palace, where they signed a joint declaration noting the democratic importance of a political concerted effort and Latin America's economic integration. The joint declaration also noted the signature of four agreements: customs cooperation, the sentencing of criminals, promotion and protection of investments, and cultural and educational integration.

According to both heads of state, the meeting served to consolidate the road to a common market.

[Begin recording] [Caldera] We believe an agreement between the Andean Pact and the Mercosur [Common Market of the South] would seal the definitive integration of Latin America and the road toward an adequate preparation for hemispheric integration.

[Fujimori] I totally agree with President Caldera on the achievements we have had in this bilateral contact. [end recording]

The Venezuelan president took advantage of a break in the meetings to state his position regarding the changes made to the system of social benefits and the minimum wage increase.

[Begin Caldera recording] It is contained in the Labor Law, in a special article that was included to allow for

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the possibility of enacting a special law to modify the system of social benefits. It is a change that is optional. Workers wishing to remain under the current system, may do so, and those wishing to avail themselves of the new system may do so whenever they decide. The amounts of wage increases must be announced as soon as the measure is taken. Experience has shown us that making anticipated announcements often unleashes a series of unfavorable reactions that actually end up hurting workers. [end recording]

As for the problems with Ecuador at the border, President Fujimori made it clear that Peru continues to walk down the path of absolute peace.

[Begin Fujimori recording] There is a treaty between Peru and Ecuador. It is called: Treaty of Peace, Friendship, and Limits. [laughter] It's a real mouthful, huh? What remains for us to do is to work on certain details contained in the Itamaraty Peace Declaration. Of course, it will take an effort and this may take some time, but both sides have demonstrated their good will. We seek peace because it is consistent with the efforts to achieve the region's integration. [end recording]

The next meeting between Alberto Fujimori and Rafael Caldera, presidents of Peru and Venezuela, respectively, will be in March on the occasion of the summit of Andean presidents, scheduled to be held in Trujillo, Peru.

Peru's Fujimori Concludes Official Visit to Venezuela

PY1201225996 Lima Radio Programas del Peru Network in Spanish 1700 GMT 12 Jan 96

[By special correspondent Carlos Alvarado from Caracas, Venezuela]

[FBIS Translated Text] Peruvian President Alberto Fujimori concluded his official visit to Venezuela today. Today the Peruvian President visited the Caracas cooperative market. Here the president was briefed on a program involving a net of economic solidarity. This means that staple goods go directly from the producer to the consumer. The Peruvian president said that this model could also be used in Peru.

President Fujimori then went to the Miraflores Palace, which is the executive branch palace, where he signed a joint declaration. Both Peruvian President Alberto Fujimori and his Venezuelan counterpart Rafael Caldera have stressed the traditional relations of friendship, cooperation, and solidarity between Venezuela and Peru, based on the common struggles of the past, the challenges of the present, and the aspirations for a better future. With this determination, the two presidents decided to strengthen their relations through a continuous dialogue.

After the signing of this joint declaration, the two presidents also signed four other agreements: The first is related to cultural and education integration, the second to the promotion and protection of investments, the third to the handling of criminal actions, and the fourth to customs cooperation agreements.

Afterward the two presidents granted a joint news conference. Venezuelan President Rafael Caldera expressed his heartfelt gratitude to his Peruvian counterpart Alberto Fujimori for what he called a fruitful visit made by the Peruvian president. President Fujimori then responded with a speech during which he referred to the results of this visit and to the issue involving the transport minister in Peru, who must still be designated.

Joint Declaration Follows Fujimori's Visit to Venezuela

PY1301024896 Madrid EFE in Spanish 2123 GMT 12 Jan 96

[FBIS Translated Text] Caracas, 12 Jan (EFE) — Peruvian President Alberto Fujimori returned today to Lima after having completed an official 48-hour visit to Venezuela.

The Peruvian presidential plane took off at 1616 (2016 GMT) from the Maiquetia International Airport, 30 km north of Caracas.

During his visit, Fujimori met on two occasions with his Venezuelan counterpart Rafael Caldera, and visited the state of Carabobo, base of the Venezuelan independent political power.

In the final "Joint Declaration," the two presidents promised to strengthen political and economic ties and to fight terrorism, corruption, and drug trafficking.

Representatives of the two countries signed an agreement for the promotion and protection of investments; an agreement on cultural ties; an accord for the exchange of sentenced prisoners; and, lastly, an accord to promote cooperation between the two customs offices.

Venezuelan Foreign Ministry To Promote 'Oil Diplomacy'

PA1601201396 Caracas ECONOMIA HOY in Spanish 10 Jan 96 p 22

[Report by Ana Carolina Griffin]

[FBIS Translated Text] This year, Venezuela, with the assistance of its foreign service representatives, will

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try to get other countries interested in the national oil market.

This can be deduced from statements made by Foreign Minister Miguel Angel Burelli Rivas during a news conference. He said his office wants to pursue an oil diplomacy.

The minister's statement came as the country is experiencing an opening of its oil market, and as some European and Asian countries are showing interest in Venezuelan orimulsion and other energy products. The foreign minister defended Venezuela's decision to approach the Asian Pacific countries to seek new technologies and capital, while maintaining its relations with Latin America, Venezuela's natural market.

The foreign minister said that in March, he will visit Cuba as part of a rapprochement process with that Caribbean country. He was invited to visit the island last November by Cuban Foreign Minister Roberto Robaina when that official visited Venezuela on the occasion of the Fourth Meeting of the Consultation Mechanism that exists between the two countries.

Regarding Venezuela's integration into the Common Market of the South [Mercosur], the foreign minister said that this year an agreement could be reached based on the four-plus-one formula, which involves free trade negotiations between the country and the southern bloc.

"We will continue the strategy of integration into the international economy by promoting cooperation with other regions and countries in order to project Venezuela's image and potentials," Burelli Rivas noted. There was little comment on relations this year with Brazil, although in 1995 the Foreign Ministry's announcements on the matter took up a large portion of the official statements.

Venezuela's BCV President Rules Out New National Currency

PA1501135896 Caracas EL GLOBO in Spanish 12 Jan 96 p 20

[Report by Aura Torrealba]

[FBIS Translated Text] Antonio Casas Gonzalez, president of the Central Bank of Venezuela [BCV] met with his Brazilian counterpart Gustavo Loyola to exchange ideas with respect to the economic stabilization program.

With respect to the likelihood of implementing a new currency, Casas stated that "to start thinking about a new currency it is first necessary to stabilize the economy, ensure greater stability in the country's public finances, soak up the excess liquidity, and develop a strict expenditures and revenues program. These three conditions are fundamental.

Once stability has been accomplished it will then be possible to begin thinking about changing the currency, but now it is still too premature." In reference to the recommendation with respect to the current monetary policy, taking into account the start of talks with the IMF, the BCV president pointed out that restrictions will continue in effect.

According to the Central Bank president, insofar as liquidity is allowed to accumulate there will be greater inflationary pressure, therefore there is a need to continue with the Monetary Stabilization Bonds. With respect to the level of international reserves, Casas stipulated that "we are well" since expectations have already been surpassed.

BCV international reserves currently amount to $9.6 billion. During the first week of January international reserves accumulated a favorable balance and settled at $75 million, but there are still several details to solve.

Venezuela To Resume Talks With IMF

PA1301152596 Caracas Venezolana de Television Network in Spanish 1545 GMT 9 Jan 96

[From "The News" newscast]

[FBIS Translated Text] Finance Minister Luis Raul Matos Azocar announced that talks with the IMF will be resumed as of 15 January. Matos Azocar added that the possibilities that Venezuela will reach an agreement with the IMF are very good. As for how many and which laws the government will submit to Congress, Matos Azocar said that the officials are waiting for the opening of sessions to coordinate with the legislators responsible for convening special sessions.

Venezuela's Tripartite Commission Agrees on Minimum Wage

PA1201165896 Caracas Venezolana de Television Network in Spanish 1545 GMT 10 Jan 96

[From "The News" newscast]

[FBIS Translated Text] [Station announcer Jose Marcano] The Tripartite Commission, headed by the Venezuelan Workers Confederation [CTV], business, and the government agreed on Tuesday, in its last and final meeting, to set the minimum wage at 40,000 bolivares. During the meeting, it was suggested that the Congress grant the president special powers to implement the new social benefits law.

[Begin recording] [Reporter Zayda Pereira] The Tripartite Commission informed the public of the agreements.

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They will be forwarded to President Rafael Caldera. With regard to changes to the social benefits system, workers will get an option.

[Labor Minister Juan Nepomuceno Garrido] Workers will have the option of remaining in their current system or choosing a new one, depending on what the individual feels benefits him the most.

[Pereira] Anyone choosing not to change will not have the benefits of the new legislation that will apply to anyone who starts to work in a company for the first time. As an incentive, workers who agree to change, will at the end of the first year get a deposit of 30 salaries in their individual accounts and of 60 salaries the second year. This account will receive a monthly 10-percent deposit from employers.

[CTV President Federico Ramirez Leon] If minimum wages increase, as we hope, to no less than 40,000 bolivares, we will take the estimate of six minimum wages as the bases to establish a correction. The idea is to boost the lowest salaries, because salaries that exceed the figure of 300,000 bolivares correspond to the executive level.

[Pereira] The salary indexing was replaced by a correction system that will apply for the minimum wage and for those earning a maximum of five salaries.

[Jorge Serrano, president of the Venezuelan Federation of Association and Chambers of Commerce and Industry] We will have a compensation. We have said it must be done on a yearly basis or, at any rate, twice a year.

[Pereira] Fedeindustria [Federation of Industries] asked that a special system be established for this sector, as the situation of many companies is delicate.

[Fedindustria President Alexis Delgado] We feel that levels of employment must be reviewed constantly. As a matter of fact, we said that employment levels must be reviewed every six months by workers and management.

[Pereira] At any rate, Labor Minister Garrido will be tasked with drafting the final report to be submitted to the president, so he, in turn, can prepare the bill that will be forwarded to the Congress on changes to the social benefits system. [end recording]

Report Outlines Venezuela's Industrialization Program

PA3012033295 Caracas EL UNIVERSAL in Spanish 26 Dec 95 p 2-1

[Report by Giuliana Chiappe]

[FBIS Translated Text] Businessmen from various sectors have received a document in which the government makes known the "Basis of an Industrialization and Productive Transformation Policy" with which it will try to open discussions aimed at developing an industrial infrastructure capable of acting as motor of the economy, and at increasing national competitiveness.

The document was prepared jointly by the Development Ministry and the Foreign Trade Institute [ICE], institutions that will merge next year to form the Industry and Commerce Ministry [Ministerio de Industria y Comercio — MIC]. In the opinion of experts from the two institutions, high efficiency "is a feasible" objective of the production system because of Venezuela's condition and its industrial network.

The new industrial policy is directed at both government and private institutions since it requires the participation of both sectors.

The state organizations that will have to do with the new industrial policy are the foreign, finance, transportation and communication, agriculture and livestock, energy and mines, and labor ministries; the anti-dumping and securities commissions; the Foreign Trade Bank, the Central Bank; Conapri [expansion unknown]; the Industrial Credit Fund; the Venezuelan Guayana Corporation [CVG]; the National Council for Scientific and Technological Research; the National Institute for Cooperative Education; Venezuelan Petroleum Inc. [PDVSA]; Cenac [expansion unknown]; Fondonorma [expansion unknown]; Procompetencia; the State Research Center for Experimental Production; the autonomous services for registering industrial property and for quality certification; the Consumers Defense Institute; the Metrology Fund; Senorca [expansion unknown]; Semamet [expansion unknown]; the Office of Coordination and Planning [Cordiplan]; the Investments Fund; the Tourism Corporation of Venezuela; Fundei [expansion unknown]; Sogampi [expansion unknown]; and the Central Information Office [OCI].

The policy makers are requesting the cooperation of private banks, universities, the Corporation for the Development of Small and Medium-Sized Industry, industrial chambers, the Bolivar Program, the offices of governors and mayors, FIM Productivity, and the National Telephone Company of Venezuela.

MIC's Support

Venezuela has advantages that according to promoters of the transformation "should be used in a competitive manner." These advantages exist in the following sectors: petrochemical, natural gas, basic metal industries, gold mining, electricity, metal-mechanics, machinery, electric equipment, and wood and its derivatives, such as pulp and paper.

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The idea is to take advantage of export capabilities, to build an industrial maze around these capabilities to strengthen them, and to allow the creation of new enterprises.

These aspirations are part of the five main goals of the Ninth Plan of the Nation: the country's strategic insertion in the international context, growing competitiveness of the production apparatus, the social solidarity project, the revision of instruction and education to prepare the Venezuelans to tackle economic and social transformations, and the state's reforms to permit it to exercise its essential functions and be able to offer answers to the demands of development.

According to the document prepared by the government, the specific objectives of the industrialization policy are to heighten the industrial sector's contribution to the GNP, to improve the capability to generate foreign exchange and produce a surplus in the trade balance of goods unrelated to the extraction of raw materials, to bring the quality of national products up to international standards, to contribute to the stabilization of prices, and to secure investments.

The MIC and the Foreign Trade Bank will be created in the framework of this plan and the offices related to the Development Ministry will be reorganized in that framework. MIC will be "the leading organization of the Industry and Commerce System and will be decisively responsible for searching for increased production, quality production, and competitiveness in all the enterprises and institutions."

In their document, the development and foreign trade experts attribute the productive sector's poor performance to "a very low or nonexistent ability to innovate and to use technology" and to unqualified labor force because, "generally speaking, the labor force's skill is at a very low technical level." The experts note nevertheless that the Venezuelans adapt well and learn fast" and this leads us to believe that our weakness can be overcome if suitable training and education programs are adopted."

The State as Actor

Both state and businessmen have a role to play in the Industrialization and Productive Transformation Policy that the Development Ministry and the ICE are distributing among the protagonists of the current Venezuelan production sector.

The state has nine roles to play and are mainly based on its role as a promoter. First, the Industrialization and Productive Transformation Policy project assigns to it the "promotion of the competitive industrialization efforts."

Based on this principle, the state will have to "readdress and promote the domestic significance of the industrialization under the new standpoint of competitiveness and respect for consumers, emphasizing the modernization of the existing industry to supply the domestic market and take advantage of the open economic opportunities the international agreements Venezuela has signed offer." In addition, they must guarantee that all investors interested in producing in Venezuela will have stable rules of the game.

Second, the project forces the state "to use as a priority guidance, promotion, and encouragement instruments" in order to clearly establish the parameters of behavior for the production sector and investors.

In order to achieve the third objective, the state must seek consensus among the protagonists of the Industry and Trade System [Sistema de Industria y Comercio — SIC], because we are trying to "implement the principle of participation" in the decisions and actions that will be made in national and international policies and programs. To do this, the state must expedite the strengthening and the modernization of public and private organizations.

The promotion and support for business innovation and capacity to demand and assimilate technology constitute the fourth objective the state must accomplish as a protagonist of the Industrialization and Productive Transformation Policy. What we are trying to do is to "face the modernization of the industrial park under a broad conception of technology" and encouragement to its incorporation, along with business alliances and research centers.

Prioritizing information is the fifth principle the state will have to develop in an effort to efficiently obtain, organize, manage, and propagate better data to the production sector, which will base its decision on them.

The support for the regional industrialization initiatives will be based on the efforts the regional governments will make to create environments favoring the establishment of industries and the harmony among industrial development, the communities, and the environment. These are the sixth and seventh roles the state must play.

The other two state principles to achieve the goals the industrialization policy pursues are to promote the insertion of domestic production in foreign markets and to promote "a sound commercial competition," which will elicit a production complement, strategic associations, and more purchasing options in terms of price, quality, and supply.

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Instruments at Hand

The instruments that will be used to achieve the objectives will be of three types: political instruments designed by the state; normative instruments to be executed by the participants of the Industrialization Policy, strategies for international conduct and coordination elements among various state bodies.

They also have 13 legislative instruments to implement the programs and stabilize them in the future. These are: laws on unfair trade practices, promotion and protection of free competition, consumer protection, technical normalization, foreign investments, copyrights, metrology, environmental protection, income tax, customs, and free zones; industrial property norms; and the Organic Tax Code.

In order to make any decision and to implement policies and instruments, the project the Development Ministry and the ICE drafted states that the adversely affected sector must be identified "as an analysis unit," which is a need stemming from the "evidence on the heterogeneity of the factors and situations the various sectors are undergoing, as well as the possibility of improving the competitiveness of the member industries as they act on their common elements."

They propose the official creation of an Advisory Competitiveness Commission [Comision Asesora de Competitividad] to guarantee the participation of the SIC protagonists.

It is being said within the Industrialization Policy Project that "the region forms another dimension that deserves to be considered to maximize the achievement of the objectives and the impacts of the Productive Transformation Policy. To do this, we require the active participation of local governments, businessmen, and unions." In order to be able to evaluate the achievements of each implemented policy, the Industrialization Policy project is planning to create six "support subsystems:" foreign trade, a trade competition environment, investment promotion, overall assistance to companies, technical innovation and training, and promotion of leading activities.

The New SIC

The country's productive network, within the framework of the execution of the Industrialization and Productive Transformation Policy, will get a new name: The Industry and Trade System, SIC.

According to the industrialization policy project, it will be made up by a "large number of participants." The companies grouped in various areas of production of goods and services, workers, and consumers will represent the private sector. The financial sector will be represented by "chambers and associations, federations and unions, and associations [repeated as published]."

On the public sector side, the SIC is formed as follows: the new MIC (resulting from the merger of the Development Ministry and the ICE), the ministries of Foreign Relations, Agriculture and Livestock, Energy and Mines, Finance, Education, Transportation and Communications, and Labor, as well as PDVSA, CVG, Cordiplan, OCI, the National Council for Scientific and Technological Research, governors' offices, and regional development corporations.

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